

YDUQS Participações S.A.

Quarterly Information – QFS

June 30, 2022 and

Independent Auditors' Report



Report on the review of quarterly financial statements

To the Management and Shareholders
YDUQS Participações S.A.

Introduction

We have reviewed the individual and consolidated interim financial information of YDUQS Participações S.A. (the "Company"), presented in the Quarterly Financial Statements (QFS) Form referring to the quarter ended June 30, 2022, which comprises the statement of financial position as of June 30, 2022, and the respective statements of income and statements of comprehensive income, the statement of changes in equity and statement of cash flows for the six-month period ended on that date, including the notes.

The management of the Company is responsible for the preparation of the individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 – Interim Statement and with International Accounting Standards (IAS) 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for presentation of such information in a form that is compliant with the standards issued by the Brazilian Securities Commission, applicable to the preparation of the Quarterly Financial Statements (QFS). Our responsibility is to express a conclusion on the interim accounting information based on our review.

Review scope

We conducted our review in accordance with the Brazilian and International standards on reviews of interim 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 inquiries, mainly to persons responsible for financial and accounting matters, and the application of analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, we are not aware of any facts that lead us to believe that the individual and consolidated interim financial information included in the abovementioned quarterly financial statements was not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Quarterly Financial Statements (QFS) and presented in a manner consistent with standards established by the Brazilian Securities and Exchange Commission.



Other matters

Statements of value added

The quarterly financial statements referred to above include the statements of value added (DVA), individual and consolidated, for the six-month period ended June 30, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for the purposes of IAS 34. Such statements were submitted to review proceedings performed jointly with the review of the quarterly financial statements, with the purpose of concluding if they reconcile with the interim accounting information and accounting records, as applicable, and if their form and content are according to the criteria defined in the Technical Pronouncement CPC 09 - "Statement of Value Added". Based on our review, we are not aware of any fact that leads us to believe that such DVA was not prepared, in all material respects, according to the criteria defined in this Technical Pronouncement, with the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, May 12, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC (Regional Accounting Council) 2SP000160/O-5

Patricio Marques Roche
Accountant CRC 1RJ081115/O-4

YDUQS Participações S.A.

Statement of financial position In thousands of Brazilian reais

	Parent company		Consolidated			Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	52,205	485,239	705,390	905,461	Suppliers	4,771	2,927	203,210	183,529
Securities (Note 3)	8,252	82,254	762,001	908,779	Loans and financing (Note 11)	778,364	972,835	778,364	972,835
Trade receivables (Note 4)			1,034,246	957,746	Leases (Note 12)			235,254	221,562
Related parties (Note 5)	280	140			Salaries and social charges (Note 13)	441	741	218,713	206,131
Prepaid expenses (Note 6)	430	641	22,890	10,140	Tax obligations (Note 14)	2,872	14,894	69,684	105,554
Taxes and contributions recoverable (Note 7)	50,638	66,182	182,251	163,664	Prepaid monthly fees			61,051	76,434
Other			33,805	27,770	Tax payment in installments (Note 15)			4,436	4,407
	111,805	634,456	2,740,583	2,973,560	Related parties (Note 5)	214	190		
					Dividends payable (Note 18)	37,596	37,596	37,596	37,596
					Acquisition price payable (Note 16)			56,628	49,096
					Other	4,887	4,722	7,964	8,795
						829,145	1,033,905	1,672,900	1,865,939
Non-current					Non-current				
Non-current receivables					Long-term liabilities				
Trade receivables (Note 4)			266,529	273,632	Loans and financing (Note 11)	3,198,822	3,089,359	3,198,822	3,089,359
Prepaid expenses (Note 6)	101	2	7,030	8,044	Leases (Note 12)			1,424,051	1,223,319
Legal deposits (Note 17)	264	248	84,508	100,619	Contingencies (Note 17)		448	217,160	221,474
Deferred taxes (Note 28)	1,198	1,145	368,464	356,104	Tax payment in installments (Note 15)			8,808	10,100
Taxes and contributions recoverable (Note 7)	44,286	22,264	147,720	129,062	Provision for assets retirement			85,204	91,017
Other			12,866	12,905	Acquisition price payable (Note 16)			89,984	97,134
	45,849	23,659	887,117	880,366	Other	19,698	21,392	34,542	57,869
						3,218,520	3,111,199	5,058,569	4,790,272
Investments					Equity (Note 18)				
In subsidiaries (Note 8)	6,247,376	5,948,507			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)	780,065	780,065	3,578,781	3,508,563	Capital reserves	710,447	702,654	710,447	702,654
Property, plant and equipment (Note 10)	1	2	2,674,967	2,534,968	Retained earnings	1,586,372	1,586,373	1,586,372	1,586,373
	7,027,442	6,728,574	6,254,086	6,043,869	Treasury shares	(284,778)	(160,478)	(284,778)	(160,478)
					Income for the period	12,355		12,355	
						3,137,431	3,241,584	3,137,431	3,241,584
					Non-controlling interests			12,884	
	7,073,291	6,752,233	7,141,203	6,924,235	Total equity	3,137,431	3,241,584	3,150,315	3,241,584
Total assets	7,185,096	7,386,689	9,881,786	9,897,795	Total liabilities and equity	7,185,096	7,386,689	9,881,786	9,897,795

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

YDUQS Participações S.A.

Statement of income

Six-month period ended on June 30,

In thousands of Brazilian reais, except profit per share

	Parent company		Consolidated	
	2022	2021	2022	2021
Continued operations				
Net revenue from activities (Note 22)			2,327,831	2,242,972
Costs of services provided (Note 23)			(997,301)	(958,041)
Gross income			1,330,530	1,284,931
Operating revenues (expenses)				
Selling expenses (Note 24)			(515,486)	(483,183)
General and administrative expenses (Note 24)	(11,932)	(11,808)	(482,208)	(457,719)
Equity accounting income (Note 8)	273,630	251,761		
Other operating revenues/expenses (Note 25)	1,511	1,512	12,621	8,997
Operating income	263,209	241,465	345,457	353,026
Financial revenues (Note 26)	43,769	75,331	145,646	125,563
Financial expenses (Note 26)	(294,676)	(156,637)	(478,900)	(308,258)
Net financial income	(250,907)	(81,306)	(333,254)	(182,695)
Profit before income tax and social security contribution	12,302	160,159	12,203	170,331
Current and deferred income tax (Note 28)	39	(345)	526	(7,614)
Current and deferred social security contribution (Note 28)	14	(124)	(23)	(3,027)
Net income for the period:				
Attributed to shareholders of the parent company	12,355	159,690	12,355	159,690
Attributed to non-controlling shareholders			351	
	12,355	159,690	12,706	159,690
Net income per batch of 1000 shares - basic (Note 21)	0.04133	0.52970	0.04133	0.52970
Net income per batch of 1000 shares - diluted (Note 21)	0.04113	0.52737	0.04113	0.52737

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

YDUQS Participações S.A.**Statement of comprehensive income**
Six-month period ended on June 30,
In thousands of Brazilian reais

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income for the period	<u>12,355</u>	<u>159,690</u>	<u>12,355</u>	<u>159,690</u>
Total comprehensive income for the period, net of taxes	<u>12,355</u>	<u>159,690</u>	<u>12,355</u>	<u>159,690</u>
Attributable to:				
To the Parent company's shareholders	12,355	159,690	12,355	159,690
Non-controlling shareholders			<u>351</u>	
	<u>12,355</u>	<u>159,690</u>	<u>12,706</u>	<u>159,690</u>

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

YDUQS Participações S.A.

Statement of changes in equity In thousands of Brazilian reais

	Share capital	Expenditure with share issuance	Capital reserves			Retained earnings		Treasury shares	Accrued earnings	Additional proposed dividends	Non-controlling interests Equity - Consolidated	Non-controlling interests	Equity
			Goodwill on shares subscription	Negative goodwill on shares sale	Garanted options	Legal	Retained earnings						
As of January 1, 2021	1,139,887	(26,852)	595,464	(11,663)	103,702	183,889	1,281,878	(179,759)		118,423	3,204,969		3,204,969
Granted options (Note 20)					135						135		135
Restricted Shares Granting Plan (Note 20)					32,469						32,469		32,469
Negative goodwill on treasury shares sale (Note 18d.3)				(478)				478					
Cancellation of treasury shares (Note 18)								(25)			(25)		(25)
Payment of Restricted Shares Granting Plan Payment (Note 18 d.3)					(16,974)			16,974					
Payment of stock options								1,854			1,854		1,854
Additional proposed dividends										(118,423)	(118,423)		(118,423)
Net income for the fiscal year									158,171		158,171		158,171
Appropriation of net income													
Constitution of reserves						7,908	112,697		(120,605)				
Proposed dividends									(37,566)		(37,566)		(37,566)
As of December 31, 2021	1,139,887	(26,852)	595,464	(12,141)	119,332	191,797	1,394,575	(160,478)			3,241,584		3,241,584
Granted options (Note 20)					26						26		26
Restricted Shares Granting Plan (Note 20)					7,906						7,906		7,906
Payment of Restricted Shares Granting Plan Payment (Note 20)					(140)			140					
Payment of stock options								32			32		32
Acquired treasury shares (Note 118 (c))								(124,472)			(124,472)		(124,472)
Net income for the period									12,355		12,355	351	12,706
Non-controlling interests												12,533	12,533
As of June 30, 2022	1,139,887	(26,852)	595,464	(12,141)	127,124	191,797	1,394,575	(284,778)	12,355		3,137,431	12,884	3,150,315

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

YDUQS Participações S.A.
Statement of cash flows
Six-month period ended on June 30,
In thousands of Brazilian reais

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flow from operating activities				
Profit before income tax and social security contribution	12,302	160,159	12,203	170,331
Adjustments to reconcile the income to cash and cash equivalents generated:				
Depreciation and amortization	1	17	355,616	308,977
Amortization of loan funding costs	2,258	6,411	2,258	6,411
Provision for doubtful accounts			323,788	254,620
Provision for loss - Other trade receivables			556	1,823
Granted options - Stock options provision	605	840	6,869	19,271
Provision (reversion) for contingencies	(447)	35	45,091	54,366
Interest on loans and financing	251,474	81,663	251,474	81,663
Interest on leases			75,283	63,116
Adjustment of assets retirement obligation			4,215	5,555
Adjustment of commitments payable			9,981	1,219
Earnings (loss) from the write-off of property, plant, and equipment and intangible assets			6,985	(706)
Equity accounting method	(273,630)	(251,761)		
Adjustments to present value - trade receivables			3,989	5,660
Adjustment of tax credits	(3,686)	(424)	(7,934)	(1,196)
Other	1,557	(20,683)	(4,527)	(64,926)
	(9,566)	(23,743)	1,085,847	906,184
Variation in assets and liabilities:				
(Increase) in trade receivables			(393,638)	(412,690)
(Increase) Decrease in prepaid expenses	112	(520)	(11,736)	(10,457)
(Increase) Decrease in taxes and contributions recoverable	16,604	(8,792)	(25,131)	25,559
(Increase) in legal deposits	(19)	(11)	16,111	(8,974)
(Increase) Decrease in other assets	(65)	(10)	(3,944)	11,357
Increase (Decrease) in trade payables	1,755	120	20,736	1,596
Increase (Decrease) in payroll and social charges	(584)	10	13,577	82,235
Increase (Decrease) in tax obligations	(12,022)	(21,367)	(29,344)	(51,363)
Increase (Decrease) in monthly fees received in advance			(16,961)	(19,978)
(Decrease) in tax installment payment			(1,673)	(1,165)
(Decrease) in civil/labor/tax awards	(1)	(3)	(49,405)	(46,258)
Increase in Provision for assets retirement obligations			(10,028)	(18,180)
Increase (Decrease) in other liabilities	114	(850)	(21,649)	(3,364)
	(3,672)	(55,166)	572,762	454,502
Interest paid on loans	(224,725)	(83,899)	(224,725)	(83,899)
Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) Paid			(20,261)	(22,003)
Net cash provided by (used in) operating activities	(228,397)	(139,065)	327,776	348,600
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(55,841)	(63,990)
Acquisition of intangible assets			(153,734)	(110,890)
Premium and goodwill from investment in subsidiaries				166
Acquisition of subsidiaries, net of cash obtained in the acquisition			(25,303)	
Advance for future capital increase	(37,050)	(300)		
Application (redemption) of securities, net	74,002	81,916	146,778	(47,143)
Dividends received				
Acquisition price payable			(18,599)	(6,886)
Net cash provided by (used in) investment activities	36,952	81,616	(106,699)	(228,743)
Cash flow from financing activities:				
Acquisition of treasury shares	(124,440)	(26)	(124,440)	(26)
Use of treasury shares derived from the exercise of stock options		2,449		2,449
Dividends paid		(31)		(31)
Debenture issuance amount		1,850,000		1,850,000
Amount received from loans and financing	233,156	36,080	233,156	36,080
Loan funding costs	(11)	(13,309)	(11)	(13,309)
Amortization of loans and financing	(350,294)	(1,534,842)	(350,294)	(1,534,842)
Lease amortization			(179,559)	(173,212)
Net cash provided by (used in) financing activities	(241,589)	340,321	(421,148)	167,109
Increase (decrease) in the balance of cash and cash equivalents	(433,034)	282,872	(200,071)	286,966
Cash and cash equivalents at the beginning of the period	485,239	334,127	905,461	925,341
Cash and cash equivalents at the end of the period	52,205	616,999	705,390	1,212,307
Variation in cash equivalents balance	(433,034)	282,872	(200,071)	286,966

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

YDUQS Participações S.A.
Statement of value added
Six-month period ended on June 30,
In thousands of Brazilian reais

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenues				
Educational services			2,415,477	2,323,481
Other revenues			1,597	1,754
Impairment loss on trade receivables			(323,788)	(254,620)
			<u>2,093,286</u>	<u>2,070,615</u>
Inputs acquired from third parties				
Materials, electric power, and others	(7,292)	(6,399)	(190,439)	(143,658)
Third-party services	(1,752)	(1,978)	(207,447)	(168,375)
Advertising			(156,320)	(185,991)
Contingencies	284	(3)	(23,892)	(39,357)
	<u>(8,760)</u>	<u>(8,380)</u>	<u>(578,098)</u>	<u>(537,381)</u>
Gross value added	<u>(8,760)</u>	<u>(8,380)</u>	<u>1,515,188</u>	<u>1,533,234</u>
Depreciation and amortization	(1)	(17)	(355,616)	(308,977)
Net value added produced	<u>(8,761)</u>	<u>(8,397)</u>	<u>1,159,572</u>	<u>1,224,257</u>
Added value received from transfer				
Equity accounting method	273,630	251,761		
Financial revenue	56,657	75,747	164,071	128,644
Other	1,665	1,666	34,673	9,521
	<u>331,952</u>	<u>329,174</u>	<u>198,744</u>	<u>138,165</u>
Total value added to be distributed	<u>323,191</u>	<u>320,777</u>	<u>1,358,316</u>	<u>1,362,422</u>
Distribution of value added				
Work compensation				
Direct compensation	2,487	2,918	538,948	569,383
Benefits			38,945	34,686
FGTS (Government Severance Indemnity Fund for Employees)			40,523	39,113
	<u>2,487</u>	<u>2,918</u>	<u>618,416</u>	<u>643,182</u>
Taxes, fees, and contributions				
Federal	14,529	1,541	150,458	146,146
State				
Municipal			90,785	89,934
	<u>14,529</u>	<u>1,541</u>	<u>241,243</u>	<u>236,080</u>
Compensation of third-party capital				
Interest	293,820	156,628	476,672	307,896
Rents			9,279	15,574
	<u>293,820</u>	<u>156,628</u>	<u>485,951</u>	<u>323,469</u>
Compensation on equity				
Retained earnings	12,355	159,690	12,355	159,690
Non-Controlling Shareholders' Interest in Retained Earnings			351	
	<u>12,355</u>	<u>159,690</u>	<u>12,706</u>	<u>159,690</u>
Distributed value added	<u>323,191</u>	<u>320,777</u>	<u>1,358,316</u>	<u>1,362,422</u>

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

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 thirty-six (35) companies, including YDUQS Participações S.A and Instituto Yduqs, twenty-nine (29) of which are sponsors of a higher education institution, organized as limited liability business companies, and comprises a University, twenty-two (22) University Centers, and forty-eight (48) Colleges, accredited and distributed in twenty-five (25) states in Brazil and in the Federal District.

As of January 01, 2022, the Group executed a corporate restructuring of the following companies: Idez Empreendimentos Educacionais Ltda ("IDEZ"), Uniuol Gestão de Empreendimentos Educacionais e Participações Ltda ("UNIUOL"), ABEP – Academia Baiana de Ensino Pesquisa e Extensão Ltda ("RUY BARBOSA"), ANEC – Sociedade Natalense de Educação e Cultura Ltda ("FAL") and Yduqs Participações 2 Ltda ("ADTALEM"), were merged into their direct parent companies, as follows:

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

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

The Company's Board of Directors approved the disclosure of this interim accounting information at a meeting held on August 12, 2022.

1.2 Basis for preparation

The quarterly financial statements (parent company and consolidated) were elaborated 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 (QFS), and show all relevant information related to the financial statements (parent company and consolidated), and only this information, which is consistent with that 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"*. International Financial Reporting Standards (IFRS) does not require the presentation of this statement. As a consequence, under IFRS, this statement is presented as supplementary information, without prejudice to the set of this quarterly financial statements.

1.3 Accounting policies

These quarterly financial statements should be read together with the financial statements for the fiscal year ended December 31, 2021, since its purpose is to provide for an update of significant activities, events, and circumstances in relation to those financial statements. In the quarterly financial statements, the accounting policies are being presented in a manner consistent with the accounting practices adopted in the individual and consolidated financial statements for the fiscal year ended December 31, 2021.

1.4 Changes to accounting policies and disclosures

New standards in force in 2022

- **Amendment to IAS 16 “Property, Plant, and Equipment”:** In May 2020, the IASB issued an amendment that prohibits an entity from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in the income for the fiscal year. The effective date of application of this change is the January 1, 2022.
- **Amendment to IAS 37 “Provision, Contingent Liabilities and Contingent Assets”:** In May 2020, the IASB issued this amendment to clarify that, for the purpose of assessing whether an agreement is onerous, the agreement performance cost includes the incremental costs of performing that agreement and an allocation of other costs that directly relate to the performance of the agreement. The effective date of application of this change is the January 1, 2022.
- **Amendment to IFRS 3 “Business Combinations”:** Issued in May 2020, with the aim of replacing the references from the older version of the conceptual framework to the newer one. The amendment to IFRS 3 is effective from January 1, 2022.
- **Annual improvements - 2018-2020 cycle:** In May 2020, the IASB issued the following amendments as part of the annual improvement process, applicable from January 1, 2022:
 - (i) **IFRS 9 - “Financial Instruments”** - clarifies which rates should be included in the 10% test for writing off financial liabilities.
 - (ii) **IFRS 16 - “Leases”** - amendment of example 13 in order to exclude the example of payments by the lessor related to improvements in the leased property.
 - (iii) **IFRS 1 “Initial Adoption of International Financial Reporting Standards”** - simplifies the application of said standard by a subsidiary that adopts IFRS for the first time after its parent company, in relation to measuring the accumulated amount of exchange rate variations.

The new IFRS or International Financial Reporting Interpretations Committee (IFRIC) interpretations that came into force do not 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 statement of profit and loss 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,

Management notes to the financial statements
as of June 30, 2022
In thousands of Brazilian reais

is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the statement of profit or loss for the fiscal year.

WEMED Educação Médica Ltda. (“Hardwork”)

As of March 11, 2022, the Company acquired, through its subsidiary Damásio Educacional Ltda. (“Damásio”), the interest of 51% of the units of ownership representing the share capital of Wemed Serviços e Cursos Preparatórios para Concursos S.A. (“HardWork”), an edtech company, fully digital and specializing in preparing for residency exams, specialist titles and revalidation of diplomas. This company has the common characteristics of a startup.

The total transaction amount was Brazilian reais (BRL) 57 million, with payment of BRL 23 million, and BRL 20 million as investment contribution (to be realized in a period of up to 12 months) and BRL 9 million payable in a single installment on the first anniversary of the closing date and an estimated Earn-out of BRL 5 million

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 based on the fair value of the assets acquired and liabilities assumed:

	Hardwork
Assets	
Current	28,746
Cash and cash equivalents	12,697
Trade receivables	3,571
Related parties	10,000
Taxes and contributions	42
Other assets	2,436
Non-current	681
Property, plant and equipment	681
	29,427
Liabilities	
Current	3,760
Suppliers	99
Leases	159
Salaries and charges	69
Labor liabilities	1,878
Prepaid monthly fees	1,555
Non-current	64
Leases	64
	3,824
Net assets acquired	25,580
Non-controlling interests	(12,534)
Goodwill (i)	43,954
Total consideration	57,000
Cash flow at the time of acquisition	
Cash	33,000
Payment in installments	9,000
Investments (Contribution to be paid in)	10,000
Earn-out	5,000
Net cash flow on acquisition	57,000

- (i) The fair values and determination of the goodwill are preliminaries as set forth for CPC15 / IFRS 3 - Business Combination, which determines that the Company finishes the assessment procedure of the acquired assets and liabilities taken within 12 months as of the acquisition date.

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2 Notes that were not presented

The quarterly financial statements are 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 financial statements if read together with the notes disclosed in the financial statements as of December 31, 2021.

Notes that were not presented:

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

3 Cash and cash equivalents and securities

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash and banks	475	1,204	31,676	47,729
Financial Bills (LFs) (Exclusive funds)	6,143	44,376	518,213	321,425
Bank Deposit Certificates (CDBs)	38,399	356,152	43,465	425,762
CDBs (Exclusive funds)	1,043	32,962	8,640	34,400
Repurchase	4,120	50,545	98,924	75,784
Corporate Credit	2,025		4,472	361
Cash and cash equivalents	52,205	485,239	705,390	905,461
Federal Sovereign Debt Securities (Investment Fund)	8,252	82,254	762,001	908,779
Notes and securities	8,252	82,254	762,001	908,779
Total	60,457	567,493	1,467,391	1,814,240

The Company has a policy that stipulates that investment must be concentrated in low-risk securities and investments at prime financial institutions. As of June 30, 2022, 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 of June 30, 2022 and December 31, 2021, all of the Company's securities were classified as "fair value through profit or loss".

Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LF's, government bonds, repurchase agreements with prime banks and issuers. The average compensation of the investment funds as of June 30, 2022, was 107.58% of the CDI rate with an average yield in 2022 of 108.52% of the CDI rate (average annual yield at December 31, 2021 was 107.33% of the CDI rate).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 80.32% as of June 30, 2022 (98.89% as of December 31, 2021)

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4 Trade receivables

	Consolidated	
	June 30, 2022	December 31, 2021
Monthly tuition fees received from students	1,480,859	1,422,254
FIES (a)	129,794	108,429
Partnership agreements and exchange deals	34,682	23,782
Credit cards receivable (b)	155,698	130,991
Receivable agreements	166,136	144,171
	<u>1,967,169</u>	<u>1,829,627</u>
Impairment Loss on Trade Receivables (PCLD)	(628,412)	(559,243)
Unidentified amounts	(4,190)	(9,203)
(-) Adjustment to present value (c)	<u>(33,792)</u>	<u>(29,803)</u>
	<u>1,300,775</u>	<u>1,231,378</u>
Current assets	1,034,246	957,746
Non-current assets	<u>266,529</u>	<u>273,632</u>
	<u>1,300,775</u>	<u>1,231,378</u>

(a) Trade receivables 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's checking 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.

FIES Risk:

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

- (i) For FIES students with guarantor, a provision was made for 2.25% of the income with characteristic, considering the assumptions of 15% of credit risk exposure over an estimated default rate of 15%.
- (ii) For the uncovered *FGEDUC* risk, contracted as 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% credit risk exposure for an estimated default rate of 15%, i.e. 0.225%.
- (iii) For the uncovered *FGEDUC* risk, contracted up to June 2012, a provision was made for 20% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 80%), assuming 15% credit risk exposure 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 and subscription programs.

(c) As of June 30, 2022, the adjustment to present value amounts to BRL 33,792 (BRL 7,308 related to PAR, BRL 22,857 to DIS, and BRL 3,627 to Athenas Financing System), and, as of December 31, 2021, BRL 29,803 (BRL 10,817 related to PAR and BRL 15,808 related to Athenas Financing System).

The balance of long-term amounts as of June 30, 2022, is related to PAR (Estácio Installment Payment Program), DIS (Dilution of monthly tuition fees) and the Athenas installment payment program. The aging breakdown is as follows:

	Consolidated	
	June 30, 2022	December 31, 2021
2022		77,874
2023	57,524	182,042
2024 to 2027	342,370	150,417
(-) Adjustment to present value (c)	(33,792)	(29,802)
(-) Impairment loss on trade receivables	<u>(99,573)</u>	<u>(106,899)</u>
Non-current assets	<u>266,529</u>	<u>273,632</u>

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The breakdown of receivables by age is presented below:

	Consolidated			
	June 30, 2022	%	December 31, 2021	%
FIES	129,794	8	108,429	6
To become due	808,075	39	754,610	41
Overdue up to 30 days	223,929	11	210,484	12
Overdue for 31 to 60 days	118,088	6	117,009	6
Overdue for 61 to 90 days	100,699	5	106,888	6
Overdue for 91 to 179 days	206,084	11	181,073	10
Overdue for 180 to 360 days	380,500	20	351,134	19
	<u>1,967,169</u>	<u>100</u>	<u>1,829,627</u>	<u>100</u>

The breakdown of receivables by age is presented below:

	Consolidated			
	June 30, 2022	%	December 31, 2021	%
To become due	64,575	39	53,898	37
Overdue up to 30 days	13,816	8	12,628	9
Overdue for 31 to 60 days	13,509	8	12,978	9
Overdue for 61 to 90 days	12,790	8	12,845	9
Overdue for 91 to 179 days	23,648	14	21,359	15
Overdue for 180 to 360 days	37,798	23	30,463	21
	<u>166,136</u>	<u>100</u>	<u>144,171</u>	<u>100</u>

The activity of impairment loss on trade receivables (PCLD), in the consolidated, is as follows:

Balance as of December 31, 2020	694,604
Constitution	513,912
Write-off of bills / checks overdue for more than 360 days	<u>(649,273)</u>
Balance as of December 31, 2021	559,243
Constitution	323,788
Constitution by acquisition	1,534
Write-off of bills (Acquired companies)	(2,289)
Write-off of bills / checks overdue for more than 360 days	<u>(253,864)</u>
Balance as of June 30, 2022	<u>628,412</u>

5 Related parties

The main balances as of June 30, 2022 and December 31, 2021, as well as the transactions that influenced the income for the period, related to related-party transactions derive from transactions between the Company and its subsidiaries. Related-party transactions do not incur interest and/or adjustment for inflation.

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

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	Parent company	
	June 30, 2022	December 31, 2021
Current assets		
Checking account		
YDUQS Educacional	143	
SESES	101	81
IREF	15	18
Ribeirão Preto		14
Other	21	27
	<u>280</u>	<u>140</u>
Current liabilities		
Checking account		
YDUQS Educacional	143	
SESES	71	190
	<u>214</u>	<u>190</u>

6 Prepaid expenses

	Consolidated	
	June 30, 2022	December 31, 2021
Insurance	7,445	8,169
IPTU (Urban Real Estate Property Tax)	10,059	118
Advance for vacations and charges	4,560	3,468
Registration fee - MEC	3,222	3,630
Technical-pedagogical cooperation - Santa Casa	845	1,056
Advertising and publicity	1,341	
Digital Platform	1,121	
Other prepaid expenses	1,327	1,743
	<u>29,920</u>	<u>18,184</u>
Current assets	22,890	10,140
Non-current assets	7,030	8,044
	<u>29,920</u>	<u>18,184</u>

In the parent company, the amount of BRL 531 in the period ended June 30, 2022 relates to non-life insurance policies (BRL 643 related to non-life insurance policies as of December 31, 2021).

7 Taxes and contributions recoverable

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
IRRF (i)	24,255	62,183	44,226	78,634
IRPJ/CSLL Prepayments	27		12,000	34,775
IRPJ/CSLL to be offset (ii)	70,642	26,263	154,991	74,299
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)			15,953	4,424
ISS			81,310	79,122
INSS (Brazilian Institute of Social Security)			20,970	20,972
OTHER			521	500
	<u>94,924</u>	<u>88,446</u>	<u>329,971</u>	<u>292,726</u>
Current assets	50,638	66,182	182,251	163,664
Non-current assets	44,286	22,264	147,720	129,062
	<u>94,924</u>	<u>88,446</u>	<u>329,971</u>	<u>292,726</u>

YDUQS Participações S.A.

Management notes to the financial statements as of June 30, 2022 In thousands of Brazilian reais

(i) The reduction presented in the IRRF line item and the following increase in IRPJ/CSLL to be offset represents the annual reclassification between the line items. Such amounts represent the tax credit used in the tax offset in this fiscal year and in the next fiscal years and are monthly adjusted at the Selic rate

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

8 Investments in subsidiaries

(a) Parent Company Yduqs Participações S.A.

	June 30, 2022		December 31, 2021	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	4,508,931		4,262,642	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,362,115		1,362,904	
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	372,904		320,329	
Other subsidiaries (i)	3,456	(30)	2,632	(30)
	<u>6,247,406</u>	<u>(30)</u>	<u>5,948,507</u>	<u>(30)</u>

The subsidiaries' information is presented below:

June 30, 2022								
Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Income tax on goodwill from downstream merger	Total	Net profit (loss) for the period
SESES	100%	3,285,877	5,621,908	1,112,977	4,508,931		4,508,931	219,676
IREP	100%	849,492	1,890,466	590,793	1,299,673	62,442	1,362,115	(1,140)
NACP	100%	19,464	1,071	(2,385)	3,456		3,456	(358)
EnsineMe (i)	100%	251	32	67	(35)	5	(30)	
Estácio Ribeirão Preto	100%	43,557	470,387	95,253	375,134	(2,230)	372,904	55,452
		<u>7,983,864</u>	<u>1,796,705</u>	<u>6,187,159</u>	<u>62,447</u>	<u>(2,230)</u>	<u>6,247,376</u>	<u>273,630</u>

December 31, 2021								
Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Income tax on goodwill from downstream merger	Total	Net income (loss) for the fiscal year
SESES	100%	3,084,087	5,383,682	1,121,040	4,262,642		4,262,642	331,039
IREP	100%	849,492	1,853,838	553,376	1,300,462	62,442	1,362,904	(41,808)
Estácio Ribeirão Preto	100%	23,837	436,852	114,293	322,559	(2,230)	320,329	136,737
Other subsidiaries (i)	100%	1,223	(1,376)	2,599	5		2,602	(1,021)
		<u>7,675,595</u>	<u>1,787,333</u>	<u>5,888,262</u>	<u>62,447</u>	<u>(2,230)</u>	<u>5,948,477</u>	<u>424,947</u>

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

The table below presents the overall activity in the investments in subsidiaries in the period ended June 30, 2022 and in the fiscal year ended December 31, 2021:

Investments in subsidiaries as of December 31, 2020	5,338,152
Equity accounting method	270,247
Advance for future capital increase	177,210
Capital increase	131,495
Granted options	134
Restricted shares plan	31,271

YDUQS Participações S.A.

Management notes to the financial statements as of June 30, 2022 In thousands of Brazilian reais

Investments in subsidiaries as of December 31, 2021	5,948,509
Equity accounting method	273,630
Dividends (interest on equity) (i)	(129,300)
Advance for future capital increase	37,050
Capital increase (i)	109,905
Granted options	26
Restricted shares plan	7,586
Investments in subsidiaries as of June 30, 2022	6,247,406

(i) Increase of share capital due to distribution of profits (JCP) on June 30, 2022 among the (direct and indirect) subsidiaries.

The accounting information of the subsidiaries used to apply the equity accounting method was related to the base date of June 30, 2022.

We present below the information on direct subsidiaries' investments:

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

	June 30, 2022	December 31, 2021
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	104,173	104,986
YDUQS Participações 2 ("ADTALEM")		2,209,573
YDUQS EDUCACIONAL LTDA ("UNIFANOR")	2,277,950	
DAMÁSIO EDUCACIONAL LTDA ("DAMÁSIO")	464,783	
	<u>2,846,906</u>	<u>2,314,559</u>

We present below the information on SESES' subsidiaries:

June 30, 2022							
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net income for the period
UNITOLEDO	100%	3,460	48,754	39,292	9,462	94,711	104,173
UNIFANOR	100%	129,717	1,993,149	193,164	1,799,985	477,965	2,277,950
DAMÁSIO	100%	322,510	434,372	74,137	360,234	104,549	464,783
			<u>2,476,275</u>	<u>306,594</u>	<u>2,169,681</u>	<u>677,225</u>	<u>2,846,906</u>
							43,410
December 31, 2021							
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net profit (loss) for the fiscal year
UNITOLEDO	100%	3,460	52,241	41,966	10,275	94,711	104,986
ADTALEM	100%	1,029,362	2,125,188	(2,242)	2,127,430	82,143	2,209,573
			<u>2,177,429</u>	<u>39,724</u>	<u>2,137,705</u>	<u>176,854</u>	<u>2,314,559</u>
							68,630

The table below represents the overall activities in the investments of the direct subsidiary SESES in its subsidiaries in the period ended June 30, 2022 and the fiscal year ended December 31, 2021.

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Investments in subsidiaries as of December 31, 2020	2,226,782
Equity accounting method	68,631
Advance for future capital increase	16,830
Granted options	2,625
Goodwill on the acquisition	(308)
Investments in subsidiaries as of December 31, 2021	<u>2,314,559</u>
Equity accounting method	43,410
Capital increase	53,630
Granted options	617
Extraordinary dividends	(65,950)
Restricted shares plan	(181)
Goodwill by merger	582,514
Write off of the goodwill by merger	(82,143)
Other merger	451
Investments in subsidiaries as of June 30, 2022	<u>2,846,906</u>

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

	June 30, 2022	December 31, 2021
Sociedade Educacional Atual da Amazônia ("ATUAL")	624,975	613,548
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	72,491	71,781
União Educacional Meta Ltda ("UNIÃO META")	47,694	48,025
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	70,391	64,824
Other subsidiaries (i)	231,101	227,637
	<u>1,046,652</u>	<u>1,025,815</u>

(i) Refers to the companies FAL, FATERN, ATHENAS, PIMENTA BUENO, and CENTRO ROLIM.

We present below the information on IREP's subsidiaries:

June 30, 2022

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net profit (loss) for the period
ATUAL	100%	46,466	641,951	32,479	609,472	15,503	624,975	(3,871)
UNIJIPA	100%	21,508	41,513	23,958	17,555	54,936	72,491	669
UNIÃO META	100%	27,173	60,051	45,599	14,452	33,242	47,694	(330)
CENTRO PANTANAL	100%	12,661	37,473	18,822	18,651	51,740	70,391	5,568
Other subsidiaries	100%	211,155	294,112	80,302	213,810	17,291	231,101	7,922
			<u>1,075,100</u>	<u>201,160</u>	<u>873,940</u>	<u>172,712</u>	<u>1,046,652</u>	<u>9,958</u>

December 31, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
ATUAL	100%	442,932	635,861	37,816	598,045	15,503	613,548	(4,859)
UNIJIPA	100%	21,468	43,434	26,589	16,845	54,936	71,781	2,044
UNIÃO META	100%	27,173	62,503	47,720	14,783	33,242	48,025	(1,026)
CENTRO PANTANAL	100%	12,661	33,614	20,530	13,084	51,740	64,824	5,448
Other subsidiaries	100%		291,714	89,444	202,270	25,367	227,637	(1,503)
			<u>1,067,126</u>	<u>222,099</u>	<u>845,027</u>	<u>180,788</u>	<u>1,025,815</u>	<u>104</u>

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The table below represents the overall activities in the investments of the direct subsidiary IREP in its subsidiaries in the period ended June 30, 2022 and the fiscal year ended December 31, 2021:

Investments in subsidiaries as of December 31, 2020	824,446
Equity accounting method	104
Advance for future capital increase	201,265
Investments in subsidiaries as of December 31, 2021	<u>1,025,815</u>
Equity accounting method	9,958
Capital increase	200,013
Write-off upon merger	(5,920)
Advance for future capital increase	(183,218)
Granted options	<u>4</u>
Investments in subsidiaries as of June 30, 2022	<u>1,046,652</u>

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

	June 30, 2022	December 31, 2021
Sociedade Educacional da Amazônia ("SEAMA")	59,949	66,414
Unisãoluis Educacional S.A ("SÃO LUIS")	88,089	89,210
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	42,448	40,401
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	48,533	49,581
Instituto de Estudos Superiores da Amazônia ("IESAM")	108,209	111,811
Centro de Ensino Unificado de Teresina ("CEUT")	56,058	60,160
Faculdade Nossa Cidade ("FNC")	80,721	85,090
Faculdades Integradas de Castanhal Ltda. ("FCAT")	44,532	47,879
Other subsidiaries	<u>26,297</u>	<u>30,305</u>
	<u>554,836</u>	<u>580,851</u>

We present below the information on ATUALs subsidiaries:

								June 30, 2022	
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Good will	Goodwill	Total	Net profit (loss) for the period
SEAMA	100%	4,407	57,528	15,614	41,914	18,035		59,949	1,706
SÃO LUIS	100%	3,819	93,195	32,474	60,721	27,368		88,089	3,134
FACITEC	100%	8,951	61,017	45,223	15,794	26,654		42,448	1,887
Estácio Amazonas	100%	48,797	59,859	37,540	22,319	26,214		48,533	(1,049)
IESAM	100%	14,980	81,247	11,289	69,958	26,797	11,454	108,209	5,514
CEUT	100%	16,938	44,125	15,635	28,490	27,568		56,058	(322)
FNC	100%	22,328	37,715	29,040	8,675	72,046		80,721	(4,369)
FCAT	100%	12,191	54,749	30,338	24,411	20,121		44,532	(107)
Other subsidiaries (i)		28,930	<u>46,896</u>	<u>39,632</u>	<u>7,264</u>	<u>19,033</u>		<u>26,297</u>	<u>(2,934)</u>
			<u>536,331</u>	<u>256,785</u>	<u>279,546</u>	<u>263,836</u>	<u>11,454</u>	<u>554,836</u>	<u>3,460</u>

(i) Refer to FARGS, ASSESC and FUFIS.

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December 31, 2021								Net
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill I	Goodwill	income (loss) for the fiscal year
SEAMA	100%	4,407	66,038	17,659	48,379	18,035		8,172
SÃO LUIS	100%	3,819	99,674	37,832	61,842	27,368		4,255
FACITEC	100%	6,081	55,522	41,775	13,747	26,654		(10,042)
Estácio Amazonas	100%	48,797	58,834	35,467	23,367	26,214		(2,441)
IESAM	100%	14,980	87,304	13,854	73,450	26,797	11,564	9,006
CEUT	100%	16,938	51,789	19,197	32,592	27,568		3,779
FNC	100%	22,328	41,783	28,739	13,044	72,046		(5,943)
FCAT	100%	12,191	58,860	31,102	27,758	20,121		3,240
Other subsidiaries (i)	100%		52,131	43,862	8,269	22,036		(10,740)
			<u>571,935</u>	<u>269,487</u>	<u>302,448</u>	<u>266,839</u>	<u>11,564</u>	<u>(714)</u>

(i) Refers to the companies IDEZ, FARGS, UNIUL, ASSESC, and FUFSS.

The table below represents the overall activities in the investments of the direct subsidiary ATUAL in its subsidiaries in the period ended June 30, 2022 and the fiscal year ended December 31, 2021:

Investments in subsidiaries as of December 31, 2020	573,436
Equity accounting method	(714)
Advance for future capital increase	8,350
Amortization of goodwill	(221)
Investments in subsidiaries as of December 31, 2021	<u>580,851</u>
Equity accounting method	3,460
Advance for future capital increase	(1,505)
Capital increase	3,725
Extraordinary Dividends	(28,453)
Amortization of goodwill	(110)
Write-off upon merger	(3,135)
Granted options	3
Investments in subsidiaries as of June 30, 2022	<u>554,836</u>

(e) Subsidiary YDUQS Participações 2 Ltda ("ADTALEM")

As of January 01, 2022, the company was merged into its direct parent company Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), according to note 1.1.

	June 30, 2022	December 31, 2021
YDUQS Educacional Ltda ("UNIFANOR")		2,288,950
Damásio Educacional Ltda ("DAMÁSIO")		416,995
		<u>2,705,945</u>

YDUQS Participações S.A.

Management notes to the financial statements as of June 30, 2022 In thousands of Brazilian reais

We present below the information on ADTALEMs subsidiaries:

							December 31, 2021	
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income for the fiscal year
UNIFANOR	100%	129,717	2,037,063	226,078	1,810,985	477,965	2,288,950	65,950
DAMÁSIO	100%	260,380	386,156	73,710	312,446	104,549	416,995	4,819
			<u>2,423,219</u>	<u>299,788</u>	<u>2,123,431</u>	<u>582,514</u>	<u>2,705,945</u>	<u>70,769</u>

The table below represents the overall activities of the investments of the direct subsidiary ADTALEM in its subsidiaries in the fiscal year ended December 31, 2021:

Investments in subsidiaries in 2020	2,619,627
Equity accounting method	70,769
Capital increase	15,227
Restricted shares plan	(308)
Advance for future capital increase	<u>630</u>
Investments in subsidiaries in 2021	2,705,945

(f) Subsidiary YDUQS Educacional Ltda ("UNIFANOR")

	June 30, 2022	December 31, 2021
Instituto de Ensino Superior da Amazonia Ltda ("FMF")	68,340	68,820
Sociedade Educacional Ideal Ltda ("FACI")	119,826	121,889
IBMEC Educacional Ltda ("IBMEC")	632,429	619,626
A. Região Tocantina de Educação e Cultura Ltda ("FACIMP")	57,451	60,749
ABEP – Academia Baiana de Ensino Pesquisa e Extensão Ltda ("RUY BARBOSA")		56,749
Sociedade de Educação do Vale do Ipojuca Ltda ("UNIFAVIP")	<u>217,968</u>	<u>227,553</u>
	<u>1,096,014</u>	<u>1,155,386</u>

We present below the information on UNIFANORs subsidiaries:

							June 30, 2022	
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
FMF	100%	31,065	58,821	14,846	43,975	24,365	68,340	(480)
FACI	100%	41,127	95,098	(21,956)	117,054	2,772	119,826	3,442
IBMEC	100%	90,132	548,630	316,859	231,771	400,658	632,429	13,848
FACIMP	100%	5,310	77,358	34,103	43,255	14,196	57,451	5,911
UNIFAVIP	100%	12,000	185,589	3,595	181,994	35,974	217,968	23,081
			<u>965,496</u>	<u>347,447</u>	<u>618,049</u>	<u>477,965</u>	<u>1,096,014</u>	<u>45,802</u>

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December 31, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodw ill	Total	Net income (loss) for the fiscal year
FMF	100%	31,065	60,837	16,382	44,455	24,365	44,455	(491)
FACI	100%	41,127	97,708	(21,409)	119,117	2,772	119,117	5,506
IBMEC	100%	85,201	387,789	168,821	218,968	400,658	218,968	17,074
FACIMP	100%	5,310	80,481	33,928	46,553	14,196	46,553	9,209
RUY BARBOSA	100%	5,753	41,494	(15,255)	56,749		56,749	(5,064)
UNIFAVIP	100%	12,000	200,548	8,969	191,579	35,974	191,579	32,666
			868,857	191,436	677,421	477,965	677,421	58,900
Investments in subsidiaries as of December 31, 2020								1,114,318
Equity accounting method								58,900
Advance for future capital increase								(333)
Equity valuation adjustment (i)								(17,472)
Restricted shares plan								(27)
Investments in subsidiaries as of December 31, 2021								1,155,386
Equity accounting method								45,802
Dividends (interest on equity)								(7,001)
Extraordinary dividends								(47,381)
Capital increase								5,951
Restricted shares plan								(31)
Granted options								36
Write-off upon merger								(56,748)
Investments in subsidiaries as of June 30, 2022								1,096,014

(i) Equity valuation adjustment between the parent company UNIFANOR and the subsidiary IBMEC, with no effect for income purposes.

9 Intangible Assets

(a) Intangible Assets – Parent company

	December 31, 2021			June 30, 2022	
	Cost	Additions	Transfer	Cost	
Cost					
Goodwill on investment acquisitions	780,065			780,065	
Software right of use	99			99	
Goodwill	79,704			79,704	
Other	212			212	
	860,080			860,080	
	Amortization rates	Amortization	Additions	Transfer	Amortization n
Amortization					
Software right of use	20% p.a.	(99)			(99)
Goodwill	20 to 33% p.a.	(79,704)			(79,704)
Other	20% p.a.	(212)			(212)
Total		(80,015)			(80,015)
Net residual balance		780,065			780,065

**Management notes to the financial statements
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	December 31, 2020			June 30, 2021
	Cost	Additions	Transfer	Cost
Cost				
Goodwill on investment acquisitions (i)	780,065			780,065
Software right of use	99			99
Integration Project	212			212
Goodwill	79,704			79,704
	860,080			860,080
	Amortization rates	Amortization	Additions	Transfer
Amortization				Amortization
Software right of use	20% p.a.	(99)		(99)
Integration Project	20% p.a.	(181)	(15)	(196)
Goodwill	20 to 33% p.a.	(79,704)		(79,704)
Total		(79,984)	(15)	(79,999)
Net residual balance		780,096	(15)	780,081

(b) Intangibles Assets - Consolidated

	December 31, 2021					June 30, 2022
	Cost	Additions by acquisitions	Additions	Write- offs	Transf.	Reclass.
Cost						Cost
Goodwill on investment acquisitions	2,346,604		43,954			2,390,558
Software right of use	927,515		110,934		4,148	1,042,597
EAD and Integration	18,360				1,764	20,124
Learning Center	126,827		1,933			128,760
IT Architecture	21,664					21,664
Online class material	8,043					8,043
Knowledge Factory - DL	79,810		13,508			93,318
Questions database	13,886					13,886
Brand	512,868					512,868
Customer portfolio	178,744					178,744
Other	344,396		27,359		(5,912)	365,843
	4,578,717		197,688			4,776,405
	Amortization rates	Amortization	Additions by acquisitions	Additions	Write- offs	Transf.
Amortization						Amortization
Goodwill on investment acquisitions	Indefinite	(6,924)				(6,924)
Software right of use	10 to 20% p.a.	(520,252)		(73,679)		(593,940)
EAD and Integration	20% p.a.	(18,335)		(646)	(9)	(18,981)
Learning Center	10% p.a.	(68,517)		(6,044)		(74,561)
IT Architecture	17 to 20% p.a.	(21,165)		(249)		(21,414)
Online class material	20% p.a.	(7,942)		(29)		(7,971)
Knowledge Factory - DL	10% p.a.	(25,732)		(3,852)		(29,584)
Questions database	20% p.a.	(11,967)		(461)		(12,428)
Brand	2 to 33% p.a.	(87,082)		(11,182)		(98,264)
Customer portfolio	2 to 33% p.a.	(86,723)		(14,467)		(101,190)
Other	20 to 50% p.a.	(215,515)		(16,861)	9	(232,367)
		(1,070,154)		(127,470)		(1,197,624)

Management notes to the financial statements
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Net residual balance	3,508,563		70,218			3,578,781
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	December 31, 2020					June 30, 2021
	Cost	Additions	Write-offs	Transf.	Reclass.	Cost
Cost						
Goodwill on investment acquisitions	2,180,477	374				2,180,851
Software right of use	650,949	81,163		18,692	(164)	750,640
EAD and Integration	18,360					18,360
Learning Center	115,366	2,738		6,521		124,625
IT Architecture	21,664					21,664
Online class material	8,043					8,043
Knowledge Factory - DL	56,724	11,310		739		68,773
Questions database	13,886					13,886
Brand	484,924					484,924
Customer portfolio	179,746	(489)				179,257
Other	295,441	15,627		(25,952)	622	285,738
	<u>4,025,580</u>	<u>110,723</u>			<u>458</u>	<u>4,136,761</u>

	Amortization rates	Amortization	Additions	Write-offs	Transf.	Reclass.	Amortization
Amortization							
Goodwill on investment acquisitions	Indefinite	(6,924)					(6,924)
Software right of use	10 to 20% p.a.	(396,651)	(48,896)			2	(445,545)
EAD and Integration	20% p.a.	(18,210)	(44)				(18,254)
Learning Center	10% p.a.	(56,317)	(6,736)				(63,053)
IT Architecture	17 to 20% p.a.	(20,065)	(550)				(20,615)
Online class material	20% p.a.	(7,783)	(84)				(7,867)
Knowledge Factory - DL	10% p.a.	(18,984)	(2,887)				(21,871)
Questions database	20% p.a.	(10,484)	(899)				(11,383)
Brand	2 to 33% p.a.	(65,683)	(12,617)				(78,300)
Customer portfolio	2 to 33% p.a.	(53,258)	(19,730)				(72,988)
Other	4 to 33% p.a.	(184,682)	(11,358)				(196,040)
		<u>(839,041)</u>	<u>(103,801)</u>			<u>2</u>	<u>(942,840)</u>
Net residual balance		<u>3,186,539</u>	<u>6,922</u>			<u>460</u>	<u>3,193,921</u>

As of June 30, 2022 and December 31, 2021, net goodwill on acquisitions of investments was represented as follows:

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Goodwill on acquisitions of investments net of accumulated amortization:				
ADTALEM			806,469	762,515
ATHENAS			307,897	307,897
UNITOLEDO			94,711	94,711
IREP			89,090	89,090
ATUAL			15,503	15,503
SEAMA			18,035	18,035
IDEZ			2,047	2,047
UNIUL			956	956
FARGS			8,055	8,055
São Luis			27,369	27,369
FACITEC			26,654	26,654
ASSESC			4,723	4,723
IESAM			26,797	26,797
Estácio Amazonas			26,214	26,214
CEUT			27,568	27,568
FNC			72,046	72,046

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FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
EnsineMe			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	770,694	770,694	770,694	770,694
	<u>780,065</u>	<u>780,065</u>	<u>2,383,634</u>	<u>2,339,680</u>

10 Property, plant and equipment

Property, plant and equipment - Consolidated

	December 31, 2021						June 30, 2022	
	Cost	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Cost	
Cost								
Land	68,235						68235	
Buildings	355,885			(12)	20,202		376,075	
Third-party buildings	1,919,696	171	320,245	(3,132)			2,236,980	
Improvement works in third parties' real estate properties	686,491	353	7,846	(12,676)	46,818		728,832	
Furniture and fixtures	213,910	34	6,637	(400)	(48)		220,133	
Computers and peripherals	247,851	40	2,800	(1,232)	(723)		248,736	
Machinery and equipment	214,544		8,548	(313)	(333)		222,446	
Physical activity equipment	129,267	24	6,158	(34)	166		135,581	
Library	213,636		366				214,002	
Facilities	86,931	114	1,593	(2,753)	(114)		85,771	
Constructions in progress	63,978		24,791		(66,907)		21,862	
Assets retirement	77,065			(9,823)			67,242	
Other	25,013		432	(652)	(48)		24,745	
	4,302,502	736	379,416	(31,027)	(987)		4,650,640	
	Depreciation rates	Depreciation	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(89,908)		(3,223)				(93,131)
Third-party buildings	21.60% p.a.	(635,366)	(9)	(135,324)	939			(769,760)
Improvement works in third parties' real estate properties		(355,495)	(13)	(39,940)	12,518	(22)		(382,952)
Furniture and fixtures	4 to 11.11% p.a.							
Furniture and fixtures	8.33 to 10% p.a.	(122,081)	(3)	(9,374)	343	80		(131,035)
Computers and peripherals	20 to 25% p.a.	(191,281)	(7)	(13,337)	1,462	724		(202,439)
Machinery and equipment	8.33 to 10% p.a.	(107,381)		(9,708)	271	105		(116,713)
Physical activity equipment	6.67% p.a.	(44,400)	(1)	(4,227)	11	30		(48,587)
Library	5 to 10% p.a.	(124,656)		(4,041)				(128,697)
Facilities	8.33 to 20% p.a.	(45,777)	(22)	(6,309)	2,661	22		(49,425)
Assets retirement		(35,176)		(1,251)	233			(36,194)
Other	14.44 to 20% p.a.	(16,013)		(1,412)	637	48		(16,740)
		(1,767,534)	(55)	(228,146)	19,075	987		(1,975,673)
Net residual balance		2,534,968	681	151,270	(11,952)			2,674,967

In the parent company, the amount of BRL 1 in the period ended June 30, 2022 relates to computers and peripherals (BRL 2 in the fiscal year ended December 31, 2021).

	December 31, 2020					June 30, 2021
Cost	Cost	Addition	Write-offs	Transf.	Reclassif.	Cost
Land	68,235					68,235
Buildings	349,601	804		2,461	235	353,101
Third-party buildings	1,677,964	222,151	(49,927)			1,850,188
Improvement works in third parties' real estate properties	594,863	19,027	(5,064)	20,186	6,790	635,802
Furniture and fixtures	207,299	5,002	(913)	(8,980)	44	202,452
Computers and peripherals	259,175	6,493	(2,246)	(9,710)	1,762	255,474
Machinery and equipment	176,730	8,906	(2,432)	18,327	(221)	201,310

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Physical activity/hospital equipment	111,552	4,348	1,463	(44)	(1,129)	116,190
Library	211,715	908	(123)			212,500
Facilities	83,125	1,317	(323)	15	2	84,136
Constructions in progress	61,452	18,130	(179)	(22,555)	(7,944)	48,904
Assets retirement	82,677		(17,101)			65,576
Other	23,627	455	(2)	244	3	24,327
	<u>3,908,015</u>	<u>287,541</u>	<u>(76,847)</u>	<u>(56)</u>	<u>(458)</u>	<u>4,118,195</u>

	Depreciation rates	Depreciation	Addition	Write-offs	Transf.	Reclassif.	Depreciation
Depreciation							
Buildings	1.67% p.a.	(134,616)	(3,045)		46,707	4,143	(86,811)
Third-party buildings	21.60% p.a.	(441,625)	(126,063)	14,658			(553,030)
Improvement works in third parties' real estate properties	11.11% p.a.	(238,354)	(31,966)	3,444	(46,707)	(4,143)	(317,726)
Furniture and fixtures	8.33% p.a.	(114,848)	(7,667)	907	8,521		(113,087)
Computers and peripherals	25% p.a.	(196,514)	(12,778)	2,239	9,868	(3,187)	(200,372)
Machinery and equipment	8.33% p.a.	(79,202)	(7,520)	2,427	(18,348)	3,185	(99,458)
Physical activity/hospital equipment	6.67% p.a.	(36,837)	(2,265)	(1,464)	52		(40,514)
Library	5% p.a.	(116,718)	(4,254)	104			(120,868)
Facilities	8.33% p.a.	(38,293)	(2,791)	279			(40,805)
Assets retirement		(46,590)	(5,566)	16,868			(35,288)
Other	14.44% p.a.	(13,374)	(1,261)	3	(37)		(14,669)
		<u>(1,456,971)</u>	<u>(205,176)</u>	<u>39,465</u>	<u>56</u>	<u>(2)</u>	<u>(1,622,628)</u>
Net residual balance		<u>2,451,044</u>	<u>82,365</u>	<u>(37,382)</u>		<u>(460)</u>	<u>2,495,567</u>

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

11 Loans and financing

Type	Financial charges	Parent company/Consolidated	
		June 30, 2022	December 31, 2021
In local currency			
Debentures			
5th debenture issuance (1st Series)	CDI + 0.585% p.a.		256,805
5th debenture issuance (2nd Series)	CDI + 0.785% p.a.	365,345	359,400
6th debenture issuance	CDI + 2.50% p.a.	1,872,482	1,863,086
7th debenture issuance	CDI + 1.65% p.a.	302,759	301,778
		2,540,586	2,781,069
Loans and financing			
Safra Loan	CDI +2.80% p.a.	208,429	201,168
FINEP loan	TJLP + 6% p.a.	1,568	1,869
Itaú CCB Loan	CDI +2.70% p.a.	155,018	153,363
Bradesco CCB Loan	CDI +2.70% p.a.	373,475	368,662
Banco do Brasil CCB Loan	CDI +1.85% p.a.		100,675
		738,490	825,737
In foreign currency			
Citibank loan	Libor +1.46% e +0.64 p.a	698,110	455,388
		3,977,186	4,062,194
Current liabilities		778,364	972,835
Non-current liabilities		3,198,822	3,089,359
		3,977,186	4,062,194

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Changes in loans and debentures presented below comprise the periods ended June 30, 2022 and June 30, 2021:

	Parent company/Consolidated	
	June 30, 2022	June 30, 2021
Initial Balance	4,062,194	3,503,750
Fundraising	233,156	1,886,080
Interest, monetary variation	253,732	88,074
Foreign exchange variance (Swap)	3,134	(160,949)
Interest paid	(224,725)	(83,899)
Principal amortization	(350,294)	(1,545,053)
Loan funding costs	(11)	(13,309)
Final balance	3,977,186	3,674,694

The amounts recorded as non-current liabilities as of June 30, 2022 and December 31, 2021 present the following maturity schedule:

	Parent company/Consolidated	
	June 30, 2022	December 31, 2021
2023	446,359	770,039
2024	705,848	272,695
2025	1,022,240	1,022,248
As from 2026	1,024,375	1,024,377
Non-current liabilities	3,198,822	3,089,359

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 Brazilian reais only two are in USD (US dollars).

In 2022:

- February: The Company concluded the contracting of the 5th loan of a line 4131 with Citibank in the amount of USD 44.0 million (converted to BRL 233.2 in equivalent quotation on that date) with single amortization of the principal on January 02, 2024 and payment of quarterly interest. The transaction was contracted under SWAP at Active Curve of USD_SOFR + 0.90% p.a. and Passive Curve of CDI + spread.

The Company settled from the CCB, contracted with Banco do Brasil, with principal amount of BRL 100 million of Brazilian Reais and maturity date as of February 09, 2022, as well as concluded the single amortization of the principal in the amount of BRL 250 million of the 1st Series of the 5th simple debenture issuance, not convertible into shares, of the unsecured type, on its maturity date, that is, February 15, 2022.

- March: The Company concluded the renegotiation of the CCB with Banco Safra in the principal amount of BRL 200 million, which would mature on June 13, 2022. The new transaction started on the same date, with single amortization on May 29, 2024, annual interest payment, at CDI + spread cost.

In 2021:

- January: The Company decided with Citibank to roll the 2nd loan of line 4131 for a total of USD 40 million (converted to BRL 210,000 according to the quote equivalent on that date) with a single principal amortization on January 19, 2022, at the cost of Libor + 1.46% p.a.

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- February: The Company fully settled the first series of the third issuance of Promissory Notes to Banco Itaú in the amount of BRL 364,977. Also, the Company fully settled two CCBs contracted with Santander bank in the amount of BRL 100,438 and BRL 506,706. In addition, the 1st financing number 4131 with Citibank was of BRL 545,179.

The Company completed the sixth debenture issuance in the total amount of BRL 1,850,000 due on February 19, 2026, in a single series, at a cost of 100% of the CDI + 2.50% p.a., with the first principal amortization on February 19, 2025, in the amount of BRL 925,000, and the second principal amortization on February 19, 2026, in the amount of BRL 925,000.

- April: The Company fully settled the CCB agreement with Banco ABC in the amount of BRL 51,475.
- November: The Company concluded the contracting of the 4th loan of a line 4131 with Citibank in the amount of USD 80 million (converted to BRL 447,600 in equivalent quotation on that date) with single amortization of the principal on November 29, 2023 at the cost of USD_SOFR + 1.09% p.a.

The Company settled the 2nd loan of line 4131 with Citibank in the amount of BRL 226,372 and the 3rd loan of line 4131 in the amount of BRL 145,104, and CCB together with Citibank in the amount of BRL 76,138.

The Company completed the seventh debenture issuance in the total amount of BRL 300.000 due on November 27, 2026, in a single series, at a cost of 100% of the CDI + 1.65% p.a., with the first principal amortization on February 29, 2024, in the amount of BRL 100,000, the second principal amortization on February 27, 2025, in the amount of BRL 100,000, and the third principal amortization on February 27, 2026, in the amount of BRL 100,000.

The agreements held with several creditors include covenants that require the maintenance of certain financial indexes with previously established parameters. As of June 30, 2022, and in December 2021, the Company had reached all the indexes required contractually.

12 Lease liabilities and assets

The lease liabilities arise from the recognition of future payouts and the right of use of 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, as set out below, so that transactions, the additional rate, in nominal terms, for the terms of contracts:

Agreements	DI X Pre Curve	Risk premium	YDUQS Rate	Month Rate
0 to 5 years	12.37%	105.00%	12.99%	1.08%
5 to 10 years	12.46%	105.00%	13.08%	1.03%
10 to 15 years	12.54%	105.00%	13.17%	1.04%
15 to 30 years	12.55%	105.00%	13.18%	1.04%

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Lease agreements are secured by the underlying assets.

	Consolidated	
	June 30, 2022	December 31, 2021
Leases payable	2,464,837	2,123,400
Lease interest	(805,532)	(678,519)
	<u>1,659,305</u>	<u>1,444,881</u>
Current liabilities	235,254	221,562
Non-current liabilities	1,424,051	1,223,319
	<u>1,659,305</u>	<u>1,444,881</u>

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

Changes in leasing assets and liabilities in the period:

	Consolidated		
	Buildings from third parties	Other	Total
Right-of-use assets on 12/31/2021	1,284,329	12,652	1,296,981
Additions	320,245	3,329	323,574
Additions by acquisitions	162		162
Write-offs	(2,192)	(36)	(2,228)
Depreciation	(135,324)	(4,925)	(140,249)
Right-of-use assets on 06/30/2022	<u>1,467,220</u>	<u>11,020</u>	<u>1,478,240</u>

Right of use assets

	Consolidated		
	Buildings from third parties	Other	Total
Right-of-use assets on 12/31/2020	1,236,338	17,320	1,253,658
Additions	222,151	1,403	223,554
Write-offs	(35,269)	(10)	(35,279)
Depreciation	(126,063)	(3,938)	(130,001)
Right-of-use assets on 06/30/2021	<u>1,297,157</u>	<u>14,775</u>	<u>1,311,932</u>

Lease liabilities

	Consolidated		
	Buildings from third parties	Other	Total
Right-of-use liabilities on 12/31/2021	1,432,270	12,611	1,444,881
Additions	320,245	3,294	323,539
Additions by acquisitions	171		171
Write-offs	(4,968)	(42)	(5,010)
Interest incurred	74,875	408	75,283
Payment of principal	(174,657)	(4,902)	(179,559)
Right-of-use liabilities on 06/30/2022	<u>1,647,936</u>	<u>11,369</u>	<u>1,659,305</u>
Current	229,269	5,985	235,254
Non-current	1,418,667	5,384	1,424,051
	<u>1,647,936</u>	<u>11,369</u>	<u>1,659,305</u>

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Lease liabilities

	Consolidated		
	Buildings from third parties	Other	Total
Right-of-use liabilities on 12/31/2020	1,333,325	17,999	1,351,324
Additions	222,151	1,404	223,555
Write-offs	(38,082)	(10)	(38,092)
Interest incurred	62,754	223	62,977
Payment of principal	(168,542)	(4,526)	(173,068)
Right-of-use liabilities on 06/30/2021	1,411,606	15,090	1,426,696
Current	205,294	7,219	212,513
Non-current	1,206,312	7,871	1,214,183

13 Payroll and social charges

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Salaries, indemnity amounts and social charges payable	441	741	102,938	146,218
Provision for vacation			70,109	59,913
Provision for 13 th salary			45,666	
	441	741	218,713	206,131

14 Tax obligations

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
ISS payable	31	28	31,635	30,194
IRRF payable	587	312	24,988	49,176
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) payable			5,316	6,538
PIS and COFINS payable	2,254	14,554	7,640	19,554
IOF payable			105	92
	2,872	14,894	69,684	105,554

15 Tax payments in installments

	Consolidated	
	June 30, 2022	December 31, 2021
INSS (Brazilian Institute of Social Security)	6,232	6,997
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)	4,578	4,940
IRPJ and CSLL	978	1,147
FGTS (Government Severance Indemnity Fund for Employees)	962	962
Other	494	461
	13,244	14,507
Current liabilities	4,436	4,407
Non-current liabilities	8,808	10,100

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

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

	Consolidated	
	June 30, 2022	December 31, 2021
2023	2,073	3,735
2024	3,093	2,925
2025	1,547	1,473
2026 to 2029	2,095	1,967
	<u>8,808</u>	<u>10,100</u>

16 Acquisition price payable

	Consolidated	
	June 30, 2022	December 31, 2021
SÃO LUIS		10,391
CEUT	3,576	3,085
UNITOLEDO	16,534	15,685
ADTALEM	16,251	25,963
ATHENAS GRUPO EDUCACIONAL	62,007	58,821
QCONCURSOS	33,023	31,326
HARDWORK	14,181	
	<u>145,572</u>	<u>145,271</u>
Acquisition of real estate property (i)	<u>1,040</u>	<u>959</u>
	<u>146,612</u>	<u>146,230</u>
Current liabilities	56,628	49,096
Non-current liabilities	<u>89,984</u>	<u>97,134</u>
	<u>146,612</u>	<u>146,230</u>

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

This basically 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 of June 30, 2022 and December 31, 2021 show the following maturity schedule:

	Consolidated	
	June 30, 2022	December 31, 2021
2023	57,283	64,619
2024 to 2026	<u>32,701</u>	<u>32,515</u>
	<u>89,984</u>	<u>97,134</u>

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17 Contingencies

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

As of June 30, 2022, and December 31, 2021, the provision for contingencies was comprised as follows:

	Consolidated			
	June 30, 2022		December 31, 2021	
	Contingencies	Legal deposits	Contingencies	Legal deposits
Civil	55,562	26,885	54,045	35,956
Labor	119,038	48,908	129,715	49,730
Tax	42,560	8,715	37,714	14,933
	217,160	84,508	221,474	100,619

In the period ended June 30, 2022, the amount of BRL 264 relates to the parent company's legal deposits (BRL 248 in the fiscal year of December 31, 2021).

The activity in the provision for contingencies is shown below:

	Civil	Labor	Tax	Total
Balances as of December 31, 2020	92,453	123,456	30,933	246,842
Additions	21,913	54,635	15,248	91,796
Reversals	(13,281)	(11,193)	(7,447)	(31,921)
Write-offs for payouts	(61,157)	(57,900)	(6,278)	(125,335)
Adjustment for inflation	14,117	20,717	5,258	40,092
Balances as of December 31, 2021	54,045	129,715	37,714	221,474
Additions	15,945	37,281	5,032	58,258
Reversals	(9,442)	(22,104)	(2,820)	(34,366)
Write-offs for payouts	(13,029)	(36,059)	(317)	(49,405)
Adjustment for inflation	8,043	10,205	2,951	21,199
Balances as of June 30, 2022	55,562	119,038	42,560	217,160

On June 30, 2022, and December 31, 2021, expenses with the provision for contingencies recognized in the statement of profit or loss were as follows:

	June 30, 2022	December 31, 2021
Income breakdown		
Additions	58,258	91,796
Reversals	(34,366)	(31,921)
Adjustment for inflation	21,199	40,092
Provision for contingencies	45,091	99,967
General and administrative expenses (Note 24)	(23,892)	(59,875)
Financial income (Note 26)	(21,199)	(40,092)
	(45,091)	(99,967)

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(a) Civil

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

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

Civil	Amounts
Success Fees	16,752
Undue collection	13,607
Non-pecuniary / Pecuniary Damage	7,179
Real estate	5,252
FIES	2,727
Issuance of Certificates of Completion/Diplomas and Graduation	2,573
Enrollment	1,713
Procon Fine	695
Course Accreditation and Cancellation	518
Monthly fee	436
Stage	248
PROUNI	190
Other (i)	3,672
	55,562

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

(b) Labor

The main labor claims related to 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	44,978
Overtime + Elimination of Breaks During and Between Shifts	20,084
Employer's social security payment	11,085
Deviation from agreed position and salary parity	7,667
Income tax / Interest and Adjustment for Inflation	6,973
Fees	5,917
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	5,497
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	4,797
Success Fees	4,625
Vacation pay	2,841
Pain and Suffering / Pecuniary Damage / Moral Harassment	2,081
Other (i)	2,493
	119,038

(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:

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Matter	Amounts
ISS	24,151
Success Fees	9,526
IPTU / Foro / IPVA	4,864
Social Security Contribution	2,216
PIS / COFINS	1,492
Sewage Charges / Fees	289
Miscellaneous fines	22
	42,560

(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 policies currently in force.

	Consolidated	
	June 30, 2022	December 31, 2021
Civil	248,084	239,286
Labor	617,132	548,790
Tax	1,011,075	984,472
	1,876,291	1,772,548

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

Civil	Amounts
Real estate	143,985
Non-pecuniary / Pecuniary Damage	52,687
Undue collection	19,141
FIES	5,557
Enrollment	3,877
Issuance of Certificates of Completion/Diplomas and Graduation	2,997
Monthly fee	2,505
Course Accreditation and Cancellation	2,503
Procon Fine	1,749
PROUNI	291
Stage	151
System Access	139
Other (i)	12,502
	248,084

- (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	210,212
Reintegration	158,435
Overtime + Elimination of Breaks During and Between Shifts	92,235
Fees	40,293
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	27,506
Pain and Suffering / Pecuniary Damage / Moral Harassment	20,733
Employer's social security payment	12,946
Vacation pay	12,042
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	11,380

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Deviation from agreed position and salary parity	4,380
CTPS Rectification + Indirect Termination + Employment Relationship Recognition	2,178
Stability	630
Other (i)	24,162
	617,132

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

Tax	Amounts
ISS	724,156
Social security contribution / FGTS	254,280
IRPJ / CSLL / IRRF	21,577
PIS / COFINS	2,512
Sewage Charges / Fees	1,577
Miscellaneous fines	1,233
IPTU / Foro / IPVA	1,005
Other	4,735
	1,011,075

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

Labor:

- (i) Labor lawsuit filed by the Labor Prosecution Office, against SESES, through which the following is discussed: (i) nullity of waivers occurring between November 2017 to December 2018; (ii) the reintegration of workers dismissed in the period; (iii) declaration of the 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; and (vi) individual and collective non-pecuniary damage. Judgment of partial validity for: (i) declaring the unconstitutionality of article 477-A, of the CLT; (ii) declaring the nullity of the collective dismissal that occurred at the end of 2017; (iii) convicting the company of individual and collective non-pecuniary damage. 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 BRL 152.7 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:

Social security contributions:

- (i) Tax Foreclosures were distributed 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. Out of the Tax Foreclosures received, (i) in the first one, an appellate decision was rendered by the TRF of the 2nd Region, fully granting SESES' appeal, and as a statement has already been presented by the Government indicating that will not appeal such decision. In February 2022, the final and unappealable decision was certified. In June 2022, the legal deposit of BRL 5,341 was recovered. The collection by the National Treasury was canceled and the subsequent proceeding was shelved. (ii) In the second, there was a partially valid judgment for SESES filing, to recognize the partial improper debt charged by the National Treasury. The company is awaiting judgment of the appeal filed by SESES. (iii) In the third, after the presentation of a partially favorable expert report, the decision was fully granted in favor of the company; thus, in June 2022, the debt was excluded from the National Treasury system. The company awaits the definitive cancellation of the performance bond presented to the closure of the proceeding and has written off the contingency. The pending Foreclosure of the judgement is fully guaranteed for the performance bond policy. The total related amount updated in the three processes is BRL 51,577.
- (ii) Tax assessment notices were received against SESES for alleged non-performance of the principal tax liability for the period from February to December. The Company appealed requesting the cancellation of the tax assessment notices, 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 Enforcement, 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 BRL 25,197.

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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, which was favorable to the company, however, the Municipality of Niterói answered this report, requesting its nullity 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. In March 2022, the case was held under advisement to the Decision Group. In May 2022, the decision was granted in favor of the company, confirming the terms of the expert report. The filing of an Appeal from the Municipality is awaited. The total amount involved is BRL 53,623.
- (ii) A Tax Foreclosure was received in the name of Sociedade Tecnopolitana da Bahia Ltda. (STB), merged by IREP in June 2010, due to the lack of payment of ISS during the period of 2007 to February 2011. The assessment arose from due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. In June 2021, an order was issued summoning the parties to specify the evidence they intend to produce. In response, the company specified evidence, while the Municipality stated that it had no interest in the production. Judgment by the lower court is pending. The total amount involved is BRL 26,904.
- (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 limitation; (ii) material nullity; and (iii) error in setting the ISS tax base, since the ISS debits 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. After the summons of the parties, SESES filed a statement agreeing with the expert report terms. The Municipality requested clarifications. The completion of the expert work is awaited. The total amount involved is BRL 19,146.
- (iv) Tax Foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from July 2012 to November 2013, due to differences in the establishment of the tax basis (deductibility of scholarships from the tax base of ISS). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. After appointment of the accounting expert and appointment of the respective retained experts. The company is waiting for the expert's opinion. The total amount involved is BRL 15,922.
- (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. A Motion against the Tax Enforcement was filed with a request for recognition of the statute of limitations of debts overdue up to March 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 BRL 17,087.
- (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, a period in which it was immune, as well as ISS on scholarships. studies granted under PROUNI, in the period between February 2007 and July 2009 and collection of ISS due as a tax responsible, in the period from January 2005 to May 2009, arising from services provided by guard and surveillance companies and real estate property maintenance and cleaning companies. On June 29, 2021, an injunction was issued to suspend the enforceability of the tax credit, and, as a result, the objection was filed by the Municipality of Rio de Janeiro. Afterwards, SESES filed a reply and, after being notified, the parties specified the evidence and indicated the technical assistant that shall accompany the expert work. The start of the expert examination is awaited. The total amount involved is BRL 490,623.

18 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 of December 31, 2021, the share capital is represented by 309,088,851 common shares.

The shareholding structure of the Company on June 30, 2022 and December 31, 2021 is presented below:

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Shareholders	Common shares			
	June 30, 2022	%	December 31, 2021	%
Managers and directors	1,014,280	0.3	1,118,561	0.4
Rose Fundo de Investimento	43,398,873	14.1	33,319,073	10.8
Vontobel	20,974,379	6.8	15,923,572	5.1
Schroder Investment Management	20,781,076	6.7	19,503,153	6.3
Zaher family	23,577,065	7.6	23,219,500	7.5
Wellington Management			15,525,425	5.0
Treasury	14,059,560	4.6	6,976,267	2.3
Free float	185,283,618	59.9	193,503,300	62.6
	<u>309,088,851</u>	<u>100.0</u>	<u>309,088,851</u>	<u>100.0</u>

(b) Activity of capital shares

There were no changes in the shares during the period ended June 30, 2022.

(c) Treasury shares

On March 21, 2022, the Board of Directors approved the start of 6th program of repurchases, ending on December 21, 2023. To date, the total number of shares repurchased is six million, eight hundred and fifty-three thousand, two hundred (6,853,200) common shares, equivalent to 33.43% of the total of shares planned for the program.

	Quantity	Average Cost	Balance
Treasury shares on December 31, 2021	6,976,267	23.00	160,478
Stock buyback	7,091,500	17.55	124,472
SOP payment using treasury shares (Note 17 d.3)	(8,207)	20.96	(172)
	<u>14,059,560</u>	<u>20.25</u>	<u>284,778</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 preference shares.

The share subscription goodwill in the financial statements as of June 30, 2022 and December 31, 2021 is as follows:

	Parent company	
	June 30, 2022	December 31, 2021
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:

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	June 30, 2022
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 financial statements date.

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

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

The negative goodwill on the disposal of treasury shares is represented as follows as of June 30, 2022, and December 31, 2021:

	Quantity of shares	Sale	Amount paid	Negative Goodwill
Negative goodwill as of December 31, 2021	2,839,280	49,113	36,704	12,141
SOP payment in 2022	<u>2,300</u>	<u>32</u>	<u>32</u>	
Negative goodwill as of June 30, 2022	<u>2,841,580</u>	<u>49,145</u>	<u>36,736</u>	<u>12,141</u>

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

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

(e.2) Retained earnings reserve

In accordance with article 196 of the Corporations Act, the general meeting may, at the proposal of the board 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.

As of December 31, 2021, from the income accumulated by the Company, the amount of BRL 112,697 was allocated to the Profit Retention Reserve referring to potential acquisitions, expansion and improvements in infrastructure, technology and organic expansion, as provided for in the Company's bylaws. On April 28, 2022, the retention of profits according to item 7.4.1 (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

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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 of June 30, 2022 are recorded in equity accounts in amounts compatible to those practiced in the market.

(a) Cash and cash equivalents and securities

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

(b) Loans and financing

Loans and financing are measured at amortized cost, using the effective rate method.

(c) Trade receivables

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

(d) Derivative financial instruments

Although the derivative transaction is intended to protect the Company from fluctuations arising from its exposure to foreign exchange risk, it was decided not to adopt the hedge accounting methodology. Thus, the Swap transaction was made, which on June 30, 2022, presented a negative fair value of BRL 48,378 as a corresponding entry to the results.

We present below the information related to the derivatives financial instruments held by the Company as of June 30, 2022, recorded at fair value with effect on income:

SWAP Agreements	Principal Contracted (USD)	Principal Contracted (BRL)	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Market Value (BRL M)		
							Assets	Liabilities	Gross income
Citibank	80,000,000	447,600,000	1.18*(SOFRUSD +1.09%)	CDI + 1.30%	Nov 29, 2021	Nov 29, 2023	419,004	452,861	33,856
Citibank	44,000,000	233,156,000	1.18*(SOFRUSD +0.90%)	CDI + 1.20%	Feb 02, 2022	Feb 29, 2024	230,727	238,317	7,590
						Total	649,731	691,177	41,446

(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	
	June 30, 2022	December 31, 2021
Level 2		
Assets Financial Instruments at fair value through profit or loss		
Financial investments	1,435,715	1,766,511
(-) Derivative financial instruments - Swap	(698,110)	(455,388)
	<u>737,605</u>	<u>1,311,123</u>

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

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

Level 2 – other techniques for which all input with 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 June 30, 2022, there were no transfers arising from fair value measurements between levels 1 and 2, not inside level 3.

19.2 Financial risk factors

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

(a) Credit risk

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

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

The credit risk related to the service provision is minimized by strict control of the student base and by the active management of default levels and the pulverization of balances. In addition, the Company requires the settlement or negotiation of the amounts overdue upon 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 Investment policy approved by the Board of Directors. The balances of cash and cash equivalents, securities and legal deposits are held at financial institutions with A to AAA credit rating assigned by the credit rating agencies Standard & Poor's, Fitch and Moody's. In cases where there are two or more ratings, the rating of the majority shall be adopted. In the event of different ratings, the Company adopts the higher rating as a basis.

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(b) Interest rate risk

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

(c) Exchange rate risk

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

(d) Liquidity risk

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

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

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

	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
In 2022:				
Suppliers	203,210			
Loans	1,206,473	1,261,759	2,555,047	
Financial lease obligations	235,254	335,160	447,190	1,563,712
Acquisition price payable	56,628	61,361	33,638	
In 2021				
Suppliers	183,525			
Loans	1,350,029	1,160,083	2,835,536	
Financial lease obligations	221,562	391,445	494,396	1,165,653
Acquisition price payable	49,096	21,398	87,718	

(e) Sensitivity analysis

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

The Group's financial instruments are represented by cash, trade receivables, payables, legal deposits, loans and financing, and are registered at cost value, plus income or charges incurred and financial investments are registered at fair value, which on June 30, 2022 approximate their market values.

The main risks underlying the Group's operations are linked to changes in the CDI 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.

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

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

With the purpose of verifying the sensitivity of the index for the financial investments to which the Group was exposed on the base date of June 30, 2022, three different scenarios were defined. Based on the CDI rate officially published by CETIP on June 30, 2022 (13.15% 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 revenue and financial costs" were calculated, disregarding the levy of taxes on the investments' yields. The base date used for the portfolio was June 30, 2022, 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 BRL 1,435,715	CDI	13.15% BRL 180,328	16.44% BRL 255,410	19.73% BRL 270,492
Debentures V - 2nd Q BRL 365,711	CDI (Interbank Deposit Certificate) + 0.79%	13.24% BRL 48,418	13.53% BRL 60,450	19.82% BRL 72,482
CCB - Safra BRL 208,429	CDI + 2.18%	15.62% BRL 32,550	18.98% BRL 39,551	22.34% BRL 46,553
CCB - Itaú BRL 155,221	CDI (Interbank Deposit Certificate) + 2.70%	16.21% BRL 25,154	19.58% BRL 30,394	22.96% BRL 35,635
CCB - Bradesco BRL 373,756	CDI (Interbank Deposit Certificate) + 2.70%	14.66% BRL 60,567	19.58% BRL 73,186	22.96% BRL 85,805
4131 - Citi (USD 80MM) BRL 452,861	CDI + 1.30%	14.62% BRL 66,213	17.95% BRL 81,294	21.28% BRL 96,375
4131 - Citi (USD 44MM) BRL 238,317	CDI + 1.20%	14.51% BRL 34,575	17.83% BRL 42,503	21.16% BRL 50,432
Debentures VI BRL 1,882,242	CDI (Interbank Deposit Certificate) + 2.50%	15.98% BRL 300,759	19.35% BRL 364,184	22.72% BRL 427,610
Debentures VII BRL 303,617	CDI (Interbank Deposit Certificate) + 1.65%	15.02% BRL 45,594	18.36% BRL 55,740	21.70% BRL 65,886
Net position		BRL (433,500)	BRL (521,893)	BRL (610,287)

Scenario fall of CDI				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments BRL 1,435,715	CDI	13.15% BRL 180,328	9.86% BRL 135,246	6.58% BRL 90,164
Debentures V - 2nd Q BRL 365,711	CDI (Interbank Deposit Certificate) + 0.79%	13.24% BRL 48,418	9.95% BRL 36,386	6.66% BRL 24,353
CCB - Safra BRL 208,429	CDI + 2.18%	15.62% BRL 32,250	12.26% BRL 25,548	8.90% BRL 18,547
CCB - Itaú BRL 155,221	CDI (Interbank Deposit Certificate) + 2.70%	16.21% BRL 25,154	12.83% BRL 19,913	9.45% BRL 14,672
CCB - Bradesco BRL 373,756	CDI (Interbank Deposit Certificate) + 2.70%	16.21% BRL 60,567	12.83% BRL 47,948	9.45% BRL 35,329
4131 - Citi (USD 80MM) BRL 452,861	CDI + 1.30%	14.62% BRL 66,213	11.29% BRL 51,131	7.96% BRL 36,050
4131 - Citi (USD 44MM)	CDI + 1.20%	14.51%	11.18%	7.85%

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BRL 238,317		BRL 34,575	BRL 26,646	BRL 18,717
Debentures VI	CDI (Interbank Deposit Certificate) + 2.50%	15.98%	12.61%	9.27%
BRL 1,882,242		BRL 300,759	BRL 237,333	BRL 173,907
Debentures VII	CDI (Interbank Deposit Certificate) + 1.65%	15.02%	11.68%	8.33%
BRL 303,617		BRL 45,594	BRL 35,448	BRL 25,302
Net position		BRL (433,500)	BRL (345,107)	BRL (256,714)

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 June 30, 2022, and seeks to simulate how an exchange rate stress could affect the Company.

In addition, three scenarios were outlined, I, II and III, which represent, respectively, the probable scenario and the possible deterioration scenarios of 25% and 50% in the risk variable. To carry out the analysis, the Company uses as a premise the probable scenario of the exchange rate at the end of 2022 disclosed in the Focus Report – BACEN closest 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 649,731	Exchange rate	5.13 701,754	6.41 877,193	7.70 1,052,631
Debt in USD 691,177	Exchange rate	5.13 746,519	6.41 933,149	7.70 1,119,778
Net position		(44,765)	(55,956)	(67,147)

(f) Capital Management

The Company's debt in relation to equity for the period ended June 30, 2022, and for the fiscal year ended December 31, 2021, is presented below as consolidated:

	Consolidated	
	June 30, 2022	December 31, 2021
Loans and financing (Note 11)	3,977,186	4,062,194
Leases (Note 12)	1,659,305	1,444,881
Acquisition price payable (Note 16)	146,612	146,230
(-) Cash and cash equivalents, and securities (Note 3)	(1,467,391)	(1,814,240)
Net debt	4,315,712	3,839,065
Equity (i)	3,150,315	3,241,583
Net debt on equity	1.37	1.18

(i) The equity does not consider the non-controlling interests for capital management purposes.

(g) Offsetting of financial instruments

There are no significant assets or liabilities subject to contractual offsetting as of June 30, 2022, and December 31, 2021.

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 compensation of managers. It is incumbent upon the Board of Directors to distribute the funds among the managers. The Annual and Special General Meeting held on April 28, 2021 established a monthly global compensation limit to the Administrators (Board of Directors, Audit Committee and Executive Board) of the Company.

In the periods ended June 30, 2022 and 2021, the total compensation (fixed, variable, shares, and the respective social charges) of the Company's directors, officers and main executives was BRL 30,450 and BRL 28,289, respectively. This compensation is 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 their employees, except for the share option plan described in Note 20 (b).

(b) Shares option plan

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

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

Upon December 31, 2021, eleven option Programs of acquisition of shares were created, six of which do not have a stockpile available (Programs 1st to 5th and 9th); all the other Programs (6th to 8th, 10th and 11th), although being terminated, still have an outstanding stockpile.

For the Programs below, the Company uses the Binomial model for the calculation of the fair value of the options.

On October 14, 2014, with the end of the 6th Program, the creation of the 7th Program was approved, with the issue price of the shares to be acquired of BRL 23.60 (twenty-three Brazilian reais and sixty cents), with its value increased by adjustment for inflation based on the IGPM variation from October 14, 2014, until the date of effective exercise of the option.

On October 2, 2015, with the end of the 7th Program, the creation of the 8th Program was approved, with the issue price of the shares to be acquired of BRL 13.15 (thirteen Brazilian reais and fifteen cents), with its value plus adjustment for inflation based on the IGPM variation from October 2, 2015, until the date of effective exercise of the option.

On April 29, 2016, with the end of the 8th Program, the creation of the 9th Program was approved, with the issue price of the shares to be acquired of BRL 10.85 (ten Brazilian reais and eighty-five cents), with its value increased by adjustment for inflation based on the IGPM variation from April 29, 2016, until the date of effective exercise of the option.

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On July 19, 2016, with the end of the 9th Program, the creation of the 10th Program was approved, with the issue price of the shares to be acquired of BRL 15.12 (fifteen Brazilian reais and twelve cents), with its value plus adjustment for inflation based on the IGPM variation from July 19, 2016, until the date of effective exercise of the option.

On April 25, 2017, with the end of the 10th Program, the creation of the 11th Program was approved, with the issue price of the shares to be acquired of BRL 14.18 (fourteen Brazilian reais and eighteen cents), with its value plus adjustment for inflation basis based on the IGPM variation from April 25, 2017, until the date of effective exercise of the option.

As of June 30, 2022, the number of granted options, which were exercised accumulated from all Programs, was 13,441,762 shares (BRL 117,025), of which 11,218,904 shares were from closed Programs and 2,222,858 shares from active Programs. The total number of shares granted less the forfeited shares is 16,901,902 shares (BRL 156,902), of which 16,565,402 shares are of closed Programs and 336,500 shares of active Programs.

Granted options Programs with the balance of shares to be exercised are as follows:

Programs	Granted	Forfeited Options	Abandoned Options	Issued	Balance of shares
6P	5,090,000	2,247,000	1,924,845	866,714	51,441
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	63,755	357,805	13,940
Overall Total	9,058,789	4,199,110	2,479,680	2,222,858	157,141

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

	Shares exercised
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
December 31, 2021	13,434,662
March 31, 2022	13,434,662
June 30, 2022	13,441,762

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

Program	End of Grace Period	Maturity Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Payment of Dividends	Risk-free Interest Rate	Fair value	Quantity Forfeited
11th Program Apr17	23/04/2018	23/04/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	6.14	13,500
11th Program Apr17	23/04/2019	23/04/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	6.84	86,000
11th Program Apr17	23/04/2020	23/04/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	7.41	132,500
11th Program Apr17	23/04/2021	23/04/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	7.86	132,500
11th Program Apr17	23/04/2022	23/04/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	8.26	132,500
11th Program Apr17 Cons.	23/04/2018	23/04/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	6.14	25,505
11th Program Apr17 Cons.	23/04/2019	23/04/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	6.84	25,505
10th Program Jul16	15/04/2017	19/07/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	6.89	2,000
10th Program Jul16	15/04/2018	19/07/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	7.89	33,000
10th Program Jul16	15/04/2019	19/07/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	8.61	153,000
10th Program Jul16	15/04/2020	19/07/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	9.18	183,000
10th Program Jul16	15/04/2021	19/07/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	9.64	183,000
10th Program Jul16 Cons.	15/04/2017	19/07/2026	32,890	R\$ 15.12	59.18%	0.00%	12.50%	6.89	0
10th Program Jul16 Cons.	15/04/2018	19/07/2026	32,889	R\$ 15.12	59.18%	0.00%	12.50%	7.89	0
9th Program Apr16	15/04/2017	15/04/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	6.02	20,000
9th Program Apr16	15/04/2018	15/04/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	6.66	20,000
9th Program Apr16	15/04/2019	15/04/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	7.14	80,000
9th Program Apr16	15/04/2020	15/04/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	7.52	80,000
9th Program Apr16	15/04/2021	15/04/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	7.83	80,000
9th Program Apr16 Cons.	15/04/2017	01/05/2019	450,000	R\$ 11.87	54.57%	0.00%	12.93%	3.17	100,000
9th Program Apr16 Cons.	15/04/2018	01/05/2020	450,000	R\$ 11.87	54.57%	0.00%	12.93%	4.43	100,000
8P Program	15/04/2016	15/04/2026	196,600	R\$ 13.15	28.80%	0.00%	11.99%	5.45	2,000
8P Program	15/04/2017	15/04/2027	196,600	R\$ 13.15	28.80%	0.00%	11.99%	6.42	56,800
8P Program	15/04/2018	15/04/2028	196,600	R\$ 13.15	28.80%	0.00%	11.99%	7.2	81,200
8P Program	15/04/2019	15/04/2029	196,600	R\$ 13.15	28.80%	0.00%	11.99%	7.88	150,200
8P Program	15/04/2020	15/04/2030	196,600	R\$ 13.15	28.80%	0.00%	11.99%	8.47	173,200
7P Program Oct14	15/04/2015	15/04/2025	177,800	R\$ 26.83	28.80%	0.00%	11.99%	8.58	16,000
7P Program Oct14	15/04/2016	15/04/2026	177,800	R\$ 26.83	28.80%	0.00%	11.99%	9.71	37,000
7P Program Oct14	15/04/2017	15/04/2027	177,800	R\$ 26.83	28.80%	0.00%	11.99%	10.64	86,000
7P Program Oct14	15/04/2018	15/04/2028	177,800	R\$ 26.83	28.80%	0.00%	11.99%	11.47	104,400
7P Program Oct14	15/04/2019	15/04/2029	177,800	R\$ 26.83	28.80%	0.00%	11.99%	12.24	135,800
6P Program Aug14	15/04/2015	15/04/2025	60,000	R\$ 29.16	26.68%	0.00%	11.99%	14.48	0
6P Program Aug14	15/04/2016	15/04/2026	60,000	R\$ 29.16	26.68%	0.00%	11.99%	15.1	28,000
6P Program Aug14	15/04/2017	15/04/2027	60,000	R\$ 29.16	26.68%	0.00%	11.99%	15.74	28,000
6P Program Aug14	15/04/2018	15/04/2028	60,000	R\$ 29.16	26.68%	0.00%	11.99%	16.38	28,000
6P Program Aug14	15/04/2019	15/04/2029	60,000	R\$ 29.16	26.68%	0.00%	11.99%	16.98	44,000
6P Program Aug14 Cons.	15/04/2015	01/08/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	14.43	0
6P Program Aug14 Cons.	15/04/2016	01/08/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	15.02	0
6P Program Jul14	15/04/2015	15/04/2025	608,000	R\$ 29.94	26.43%	0.00%	11.99%	15.13	0
6P Program Jul14	15/04/2016	15/04/2026	608,000	R\$ 29.94	26.43%	0.00%	11.99%	15.76	80,000
6P Program Jul14	15/04/2017	15/04/2027	608,000	R\$ 29.94	26.43%	0.00%	11.99%	16.41	602,000
6P Program Jul14	15/04/2018	15/04/2028	608,000	R\$ 29.94	26.43%	0.00%	11.99%	17.05	608,000
6P Program Jul14	15/04/2019	15/04/2029	608,000	R\$ 29.94	26.43%	0.00%	11.99%	17.65	608,000
6P Program Jul14 Cons.	15/04/2015	04/07/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	15.09	0
6P Program Jul14 Cons.	15/04/2016	04/07/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	15.69	0
6P Program Oct13	15/04/2014	15/04/2024	265,000	R\$ 16.82	28.80%	0.00%	11.99%	5.05	5,000
6P Program Oct13	15/04/2015	15/04/2025	265,000	R\$ 16.82	28.80%	0.00%	11.99%	5.79	5,000
6P Program Oct13	15/04/2016	15/04/2026	265,000	R\$ 16.82	28.80%	0.00%	11.99%	6.4	19,000
6P Program Oct13	15/04/2017	15/04/2027	265,000	R\$ 16.82	28.80%	0.00%	11.99%	6.94	88,000
6P Program Oct13	15/04/2018	15/04/2028	265,000	R\$ 16.82	28.80%	0.00%	11.99%	7.43	104,000
5P 3 Program	15/04/2014	15/04/2024	144,000	R\$ 16.16	39.85%	0.00%	11.02%	6.37	0
5P 3 Program	15/04/2015	15/04/2025	144,000	R\$ 16.16	39.85%	0.00%	11.02%	7.02	21,000
5P 3 Program	15/04/2016	15/04/2026	144,000	R\$ 16.16	39.85%	0.00%	11.02%	7.6	102,000
5P 3 Program	15/04/2017	15/04/2027	144,000	R\$ 16.16	39.85%	0.00%	11.02%	8.11	102,000
5P 3 Program	15/04/2018	15/04/2028	144,000	R\$ 16.16	39.85%	0.00%	11.02%	8.58	123,000
4P Program Jan13	15/04/2014	15/04/2024	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.23	7,200
4P Program Jan13	15/04/2015	15/04/2025	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.35	7,200
4P Program Jan13	15/04/2016	15/04/2026	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.48	7,200
4P Program Jan13	15/04/2017	15/04/2027	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.62	88,200
4P Program Jan13	15/04/2018	15/04/2028	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.75	94,200

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In compliance with the provisions of Technical Pronouncement CPC 10 (R1), the share-based payments that were open on June 30, 2022, and December 31, 2021 were measured and recognized by the Company.

The Company recognizes the stock options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of profit or loss, as general and administrative expenses, in the line item personal and social charges. In the period ended June 30, 2022, a provision of BRL 26 was recognized (reversal of BRL 90 in the fiscal year ended June 30, 2021). As of June 30, 2022, the provision amounted to BRL 74,855 (BRL 74,783 as of June 30, 2021).

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

Executive Board

	June 30, 2022		December 31, 2021	
	Average price for the share exercise	Options - thousands	Average price for the share exercise	Options - thousands
January 1st	15.81	12,000	13.88	38,000
Granted				
Exercised			18.63	26,000
Abandoned	15.81	12,000		
			15.81	12,000

(c) Performance Share Program

The purpose of the Plan is to allow the grant of Restricted Shares to Beneficiaries selected by the Board of Directors, subject to certain conditions, with the objective of: (a) encouraging the expansion, success and achievement of the corporate purpose of the Company and the companies under its control; (b) encouraging better management of the Company and the companies under its control, awarding participants with the possibility of being Company's shareholders, thereby encouraging them to optimize all aspects that could bring value to the Company in the long term; (c) aligning the interests of the beneficiaries with the shareholders' interests; and (d) encouraging the retaining of managers and employees at the Company or in the companies under its control.

The managers and employees of the Company or of the companies 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.

Each Program created by the Board of Directors will have a term of five (5) years, and the restricted shares granted will be divided into five (5) 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

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for each of the other lots of 20% will end on April 15 each year, with the delivery of the respective restricted shares within a maximum of 30 days.

For the Restricted Shares Granting Plan, the provision for the program in the fiscal year ended June 30, 2022 is BRL 7,907 (BRL 16,974 as of December 31, 2021). The accumulated provision as of June 30, 2022 is BRL 52,270 (BRL 44,503 as of December 31, 2021).

As of June 30, 2022, the number of shares granted and delivered was 2,655,310 shares, and the total shares granted amounted to 9,170,900 shares.

Program	Granted	Additional per Dividends	Additional per Performance	Delivered	Unvested	Cancelled	Forfeited
1P	1,395,500	90,038	40,825	665,681	125,335	87,246	648,100
1P - Cons	130,000	9,441		139,441	0	0	0
1P - Esp	300,000	28,012	16,158	233,774	88,394	22,001	
2P	879,000	17,330	41,500	458,537	232,749	37,009	209,535
2P - Cons	98,000	3,157		94,028	0	129	7,000
2P - Esp.	100,000	2,436	5,000	60,887	41,377	5,172	
3P	630,000	15,455		224,070	341,385	0	80,000
3P - Esp.	200,000	5,620		81,480	124,140	0	
3P - Cons	98,000	0		0	98,000		
4P	100,000	3,074	5,000	61,046	0	7,028	40,000
5P	80,000	2,760		0	0	2,760	80,000
6P	1,389,600	32,394		432,461	603,643	60,768	325,122
7P	445,000	8,903		0	266,152	2,751	185,000
8P	460,000	15,870		0	475,870	0	
9P	100,000	1,570		0	101,570	0	
10P	1,330,800	19,110		191,155	922,606	65,268	170,881
11P	85,000	0		12,750	68,000	4,250	
12P	1,350,000	0		0	1,350,000		
Overall							
Total	9,170,900	255,170	108,482	2,655,310	4,839,221	294,383	1,745,638

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

	2022	2021
Numerator		
Net income for the period attributable to the Company's shareholders	12,355	159,690
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	298,906	301,473
Net income per batch of 1000 shares - basic	0.04133	0.52970

(b) Earnings per share - diluted

	2022	2021
Numerator		
Net income for the period attributable to the Company's shareholders	12,355	159,690
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	298,906	301,473
Potential increase in the number of shares due to the stock option plan	1,448	1,331
Weighted average of outstanding shares	300,354	302,804
Net income per batch of 1000 shares - diluted	0.04113	0.52737

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22 Net revenue from services provided

	Consolidated	
	2022	2021
Gross revenue	5,028,872	4,438,684
Deduction from gross revenue	(2,701,041)	(2,195,712)
Grants - scholarships	(2,551,601)	(2,027,025)
Refund of monthly tuition fees and charges	(14,966)	(17,934)
Discounts granted	(29,633)	(44,914)
Taxes	(89,243)	(82,263)
Adjustment to present value - PAR/DIS	(3,989)	(6,332)
FIES (i)	(11,609)	(17,244)
	<u>2,327,831</u>	<u>2,242,972</u>

(i) Refers to the FGEDUC and FIES administrative rate.

23 Costs of services provided

	Consolidated	
	2022	2021
Personnel and social charges	(592,870)	(592,953)
Electricity, water, gas and telephone	(24,089)	(17,584)
Rental, condominium fees and IPTU (i)	(19,711)	(25,987)
Postage and Mailbags	(956)	(809)
Depreciation and amortization	(223,304)	(208,702)
Teaching material	(5,230)	(3,520)
Third-party services - security and cleaning	(32,730)	(26,975)
Other	(98,409)	(81,511)
	<u>(997,301)</u>	<u>(958,041)</u>

24 Selling, general and administrative expenses

	Parent company		Consolidated	
	2022	2021	2022	2021
Selling expenses				
Impairment loss on trade receivables (Note 4)			(323,788)	(254,620)
Advertising			(151,965)	(185,991)
Sales and marketing			(60,551)	(42,419)
Other			20,818	(153)
			<u>(515,486)</u>	<u>(483,183)</u>
General and administrative expenses				
Personnel and social charges	(3,156)	(3,305)	(150,002)	(173,339)
Third-party services	(1,751)	(1,978)	(73,176)	(61,584)
Maintenance and repairs		(56)	(32,785)	(38,657)
Depreciation and amortization	(1)	(17)	(132,312)	(100,275)
Educational agreements			(18,662)	(12,702)
Travel and accommodation	(34)	(2)	(5,026)	(2,736)
Provision for contingencies (Note 17)	284	(43)	(23,892)	(39,357)
Insurances	(7,145)	(6,199)	(8,338)	(7,026)
Transportation	(1)	(8)	(2,831)	(1,843)
Vehicles Rental			(2,913)	(2,241)
Other	(128)	(200)	(32,271)	(17,959)
	<u>(11,932)</u>	<u>(11,808)</u>	<u>(482,208)</u>	<u>(457,719)</u>

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25 Other operating revenues/expenses

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenues with agreements	1,511	1,512	2,278	2,278
Lease revenues			2,564	1,848
Business intermediation			468	401
Gain on disposal of property, plant and equipment			1,162	8,887
Provision (reversal) for loss - other revenues			(556)	(1,823)
Donations and sponsorship			1,073	672
Consulting			1,500	1,500
Other operating revenues (expenses)			4,132	(4,766)
	<u>1,511</u>	<u>1,512</u>	<u>12,621</u>	<u>8,997</u>

26 Financial income

	Parent company		Consolidated	
	2022	2021	2022	2021
Financial revenues				
Late payment fines and interest			25,708	19,368
Revenues from financial investments	3,370	8,110	72,817	22,249
Derivatives fair value (SWAP) (i)	36,712	66,797	36,712	66,797
Tax credits adjustment	3,686	424	7,934	1,196
PAR, DIS and Credathenas update			401	12,782
Other	1		2,074	3,171
	<u>43,769</u>	<u>75,331</u>	<u>145,646</u>	<u>125,563</u>
Financial expenses				
Bank expenses	(371)	(534)	(6,023)	(4,936)
Interest and financial charges	(212,906)	(73,541)	(226,743)	(81,228)
Adjustment of provision for contingencies (Note 17)	163	(32)	(21,199)	(15,009)
Financial deductions (ii)			(50,008)	(51,853)
Negative exchange variation			(14,606)	(6,911)
Interest and exchange variation on loans (SWAP) (i)	(78,426)	(76,100)	(78,451)	(76,100)
Expenses with loans	(2,258)	(6,412)	(2,258)	(6,412)
Lease interest - Right of use			(75,283)	(63,117)
Other	(878)	(18)	(4,329)	(2,692)
	<u>(294,676)</u>	<u>(156,637)</u>	<u>(478,900)</u>	<u>(308,258)</u>
	<u>(250,907)</u>	<u>(81,306)</u>	<u>(333,254)</u>	<u>(182,695)</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.

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27 Income by business segment

	June 30, 2022			
	On-site	Digital	Premium	Consolidated
Gross revenue	2,750,447	1,659,755	618,670	5,028,872
Deductions	(1,666,759)	(942,043)	(92,239)	(2,701,041)
Net revenue (Note 22)	1,083,688	717,712	526,431	2,327,831
Costs of the services provided (Note 23)	(461,718)	(139,075)	(173,204)	(773,997)
Personnel and social charges	(395,092)	(38,148)	(159,630)	(592,870)
Rental, condominium fees and IPTU (i)	(14,751)	(428)	(4,532)	(19,711)
Postage and mailbags	(513)	(340)	(103)	(956)
Teaching material	(3,931)	(10)	(1,289)	(5,230)
Third parties' services and other	(47,431)	(100,149)	(7,750)	(155,230)
Depreciation and amortization (Note 23)	(174,270)	(12,982)	(36,052)	(223,304)
Gross income	447,700	565,655	317,175	1,330,530
Selling expenses (Note 24)	(273,211)	(201,816)	(40,459)	(515,486)
General and administrative expenses (Note 24)	(163,271)	(110,657)	(75,968)	(349,896)
Depreciation and amortization (Note 24)	(64,447)	(42,417)	(25,448)	(132,312)
Other revenue/expenses (Note 25)	6,367	2,365	3,889	12,621
Operating income	(46,862)	213,130	179,189	345,457

	June 30, 2021			
	On-site	Digital	Premium	Consolidated
Gross revenue	2,671,420	1,271,027	496,238	4,438,685
Deductions	(1,485,632)	(624,974)	(85,107)	(2,195,713)
Net revenue (Note 22)	1,185,788	646,053	411,131	2,242,972
Costs of the services provided (Note 23)	(481,820)	(120,163)	(147,356)	(749,339)
Personnel and social charges	(414,810)	(41,055)	(137,088)	(592,953)
Rental, condominium fees and IPTU (i)	(21,872)	526	(4,641)	(25,987)
Postage and Mailbags	(409)	(317)	(83)	(809)
Teaching material	(2,776)	(6)	(738)	(3,520)
Third parties' services and other	(41,953)	(79,311)	(4,806)	(126,070)
Depreciation and amortization (Note 23)	(172,392)	(7,820)	(28,490)	(208,702)
Gross income	531,576	518,070	235,285	1,284,931
Selling expenses (Note 24)	(285,004)	(173,012)	(25,167)	(483,183)
General and administrative expenses (Note 24)	(198,024)	(103,317)	(56,103)	(357,444)
Depreciation and amortization (Note 24)	(52,459)	(32,802)	(15,014)	(100,275)
Other revenue/expenses (Note 25)	5,069	2,284	1,644	8,997
Operating income	1,158	211,223	140,645	353,026

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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 June 30, 2022 and 2021 are presented below:

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit before income tax and social security contribution	12,302	160,159	12,203	170,331
Nominal rate combined from income tax and social security contribution - %	34	34	34	34
Income tax and social security contribution at legislation rates	(4,183)	(54,454)	(4,149)	(57,9120)
Equity accounting method	93,034	85,599		
Goodwill			9,882	(510)
Non-deductible expenses (i)		(1)	(713)	560
Interest on equity (ii)	(43,962)			755
Tax loss - not constituted	(44,836)	(30,848)	(65,096)	(37,424)
Non-taxable income			2,432	
Other			180	186
	53	296	(57,464)	(94,345)
Tax benefits				
Tax incentive - Prouni			65,241	83,698
Tax Incentive - <i>Lei Rouanet</i>				770
Current income tax and social security contribution in the income for the period	53	296	7,777	(9,877)

(i) Basically consist of expenses for sponsorships, donations and gifts.

(ii) Refers to the payment of JCP in 2022, the amounts of which are intended to increase the share capital of subsidiaries (direct and indirect).

	Parent company		Consolidated	
	2022	2021	2022	2021
Current income tax and social security contribution tax			(11,857)	(23,593)
Deferred income tax and social security contribution	53	296	19,634	13,716
Income tax and social security contribution of previous periods		(765)	(7,274)	(764)
	53	(469)	503	(10,641)

As of June 30, 2022, the Company recorded deferred tax credit from the temporary differences and tax loss and negative basis in the amount of BRL 386,464 (BRL 356,104 as of December 31, 2021). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

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	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Adjustment to present value			6,757	5,660
Provision for contingencies		152	73,834	75,301
Impairment Loss on Trade Receivables (PCLD)			76,578	73,593
Monthly tuition fees to be billed / cancelled			28,647	26,566
Provision for retirement			18,433	16,724
Assets Surplus Value Amortization			(19,398)	(29,573)
Provision for FIES Risk			317	7,395
Recognized granted options	1,184	979	59,178	57,977
Leases			70,848	59,442
Business combination			(29,349)	(30,726)
Goodwill incorporated			(11,290)	(11,290)
Depreciation	14	14	5,826	7,547
Tax loss			85,084	94,641
Other assets			2,999	2,847
	<u>1,198</u>	<u>1,145</u>	<u>368,464</u>	<u>356,104</u>
Assets	<u>1,198</u>	<u>1,145</u>	<u>368,464</u>	<u>356,104</u>

The realization of the deferred tax effect on temporary differences recorded as of June 30, 2022 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 basis, such as corporate reorganizations and their consequent operational improvements.

The deferred income tax and social security contribution - assets on tax loss and negative CSLL basis will be realized according to the expectations of the Management, as follows:

	June 30, 2022
	Consolidated
2022	13,025
2023 to 2026	48,588
2027 to 2031	<u>23,471</u>
	85,084

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