

EARNINGS RELEASE

1Q22

YDUQS



May 12th, 2022

YDUQ
B3 LISTED NM



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YDUQ3 | YDUQY
B3 ADR

Rio de Janeiro, May 12th, 2022 - **YDUQS Participações S.A.**, one of the largest private organizations in Brazil's higher education private sector, presents its **results for the first quarter of 2022 (1Q22)**.

The Company's financial information is presented based on the consolidated numbers, in Brazilian Reais, in accordance with the Brazilian Corporation Law and the accounting practices adopted in Brazil (BRGAAP), already in accordance with the International Financial Reporting Standards (IFRS).

This document may have forward looking statements that are subject to risks and uncertainties that lead such expectations to not materialize or substantially differ from expectations. These forecasts express the opinion only for the date they were made, and the Company does not undertake to update them in the light of new information.

EARNINGS CONFERENCE

May 13th, 2022, | 7:30 a.m. (EST) Portuguese with simultaneous translation to English

[Click here for the Webinar](#)

Video conference in English May 13th, 2022, | 11:30 a.m. (EST)

[Click here for the Webinar](#)

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Visit our website: <https://www.yduqs.com.br>

After the recovery, our growth starts picking up. We started 2022 with record enrollments, which added more than 250 thousand students to our base at all our Education Institutions (IES) and segments. The best news came from the on-campus undergraduate segment, which, after two years, had a strong intake cycle, reaching more than 100 thousand students in 1S22, almost 40% more than the previous year, and recorded EBITDA nearly 30% higher year-on-year. Medicine and Distance Learning segments continue in a strong expansion pace and recorded revenue and EBITDA increases of more than 20%. The return of on-campus classes and the maintenance of the pace in the other two segments led to an increase in student base and NOR, and to a growth of 23% in Yduqs' EBITDA and 33% in net income year-on-year.

We continue to create value and increase business profitability also thanks to our cost discipline and capital allocation. Our Sales & Marketing expenses decreased by 3 p.p. (as a share of NOR) as well as Personnel expenses, which dropped another 3 p.p. Our solidity remains unshaken. We ended the quarter with a cash conversion rate of 88%, more than R\$1.7 billion in cash and cash equivalents, and a 1.7x Net Debt/ adjusted EBITDA ratio.

Technology continues to underpin everything we present in this report. For the year's first intake cycle, we have redesigned the admission portals for all our brands, and at Estácio, we increased conversion performance. For on-campus learning, we have created a proprietary format for synchronous web-based classes, which meet one of our students' needs and give our professors a much better tool to work with. Available at all IES, the students' App is already the gateway for 2/3 of all accesses to our academic content. Our apps are Brazil's best rated apps in the Education category.

On the social front, as expected, our Diversity & Inclusion program has been embraced by the faculty and staff, and initiatives are underway throughout the organization. The Yduqs Institute expanded the flagship Youth and Adult Literacy project and launched the Rede de Valor program, which will support Prouni scholarship students, who are some of our best students and come from low-income families.

It was a promising start to the year, and our levers continue to offer us protection, solidity, and the ability to choose the best paths – which, as we know, involve technology, access, and quality, as we have always pointed out.

Once again, I would like to thank all of you who continue to support us on this journey.

Eduardo Parente
CEO



AFTER RECOVERY, RESUMPTION OF GROWTH

Intake historical record: +254 thousand students

YDUQS

1Q22



ON-CAMPUS RECOVERY

Segment goes back to growing



GROWTH LEVERS

Digital and Premium with strong expansion



COST OPTIMIZATION

We continue to generate value with improved EBITDA margin



RESULTS ACHIEVEMENTS

continues strong, generating cash, with low debt

+59% vs 1Q21

On-campus Intake

+44% vs 1Q21

Digital + Premium undergraduate student base

-3 p.p. vs 1Q21

Reduction of Marketing & Sales expenses/Net Revenue

+23% vs 1Q21

Consolidated adjusted EBITDA

+3% vs 1Q21

On-campus student base

>20% vs 1Q21

Growth of Digital + Premium Net Revenue and EBITDA

-3 p.p. vs 1Q21

Reduction of personnel costs/Net Revenue

+33% vs 1Q21

Adjusted Net Income

+28% vs 1Q21

On-campus EBITDA

+228 seats

Medicine seats already approved in 2022

-0.6 p.p. vs 1Q21

Reduction of leasing (IFRS 16)/Net Revenue

R\$ 1.7 billion

Cash and cash equivalents

-2 p.p. vs 1Q21

Reduction of faculty costs/Net Revenue

+29% vs 1Q21

Total of 2,059 DL centers in 1Q22

1.7x

Net Debt/Adjusted EBITDA

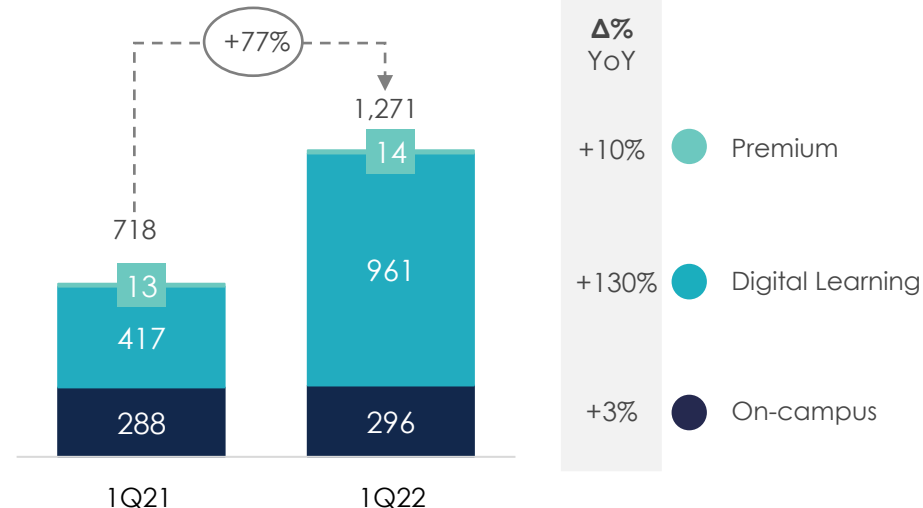
OPERATIONAL DATA

YDUQS

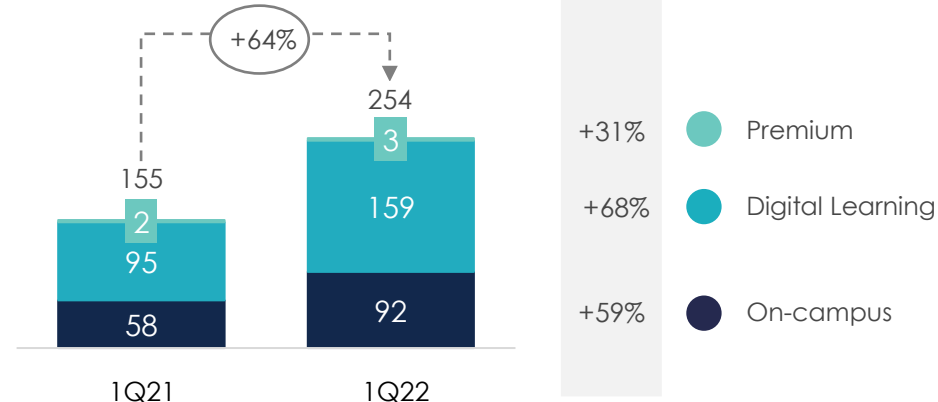


Total (thousand students)	1Q21	1Q22	Δ %
Total Base	717.9	1,271.0	77.0%
On-campus	288.1	296.0	2.7%
Digital Learning ⁽¹⁾	417.2	961.2	130.4%
Premium	12.7	13.9	9.6%
FIES	23.1	14.7	-36.4%
DIS	320.1	398.4	24.5%
On-campus	125.7	130.4	3.8%
100% online	153.2	226.2	47.7%
Flex	41.2	41.8	1.4%
PAR	5.1	3.3	-35.5%
Campi (ex-shared) ⁽²⁾	110	106	-3.6%
On-campus	97	90	-7.2%
Premium	19	21	10.5%
Shared with on-campus	6	5	-16.7%
DL Centers	1,601	2,059	28.6%

Total student base
(Thousand students)



Undergraduate Intake
(Thousand students)



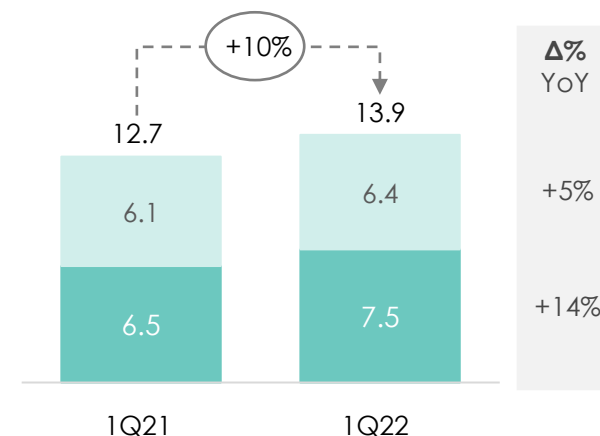
(1) Base Includes Qconcurros, for more details [click here](#).

(2) It considers campi with individual management, that is, if there are 2 campi nearby or with complementary, which have the same management, it is considered Only on campi.

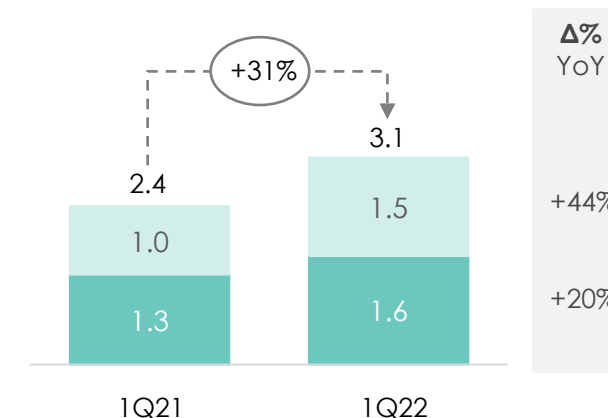
Student base (thousand students)	1Q21	1Q22	Δ %
Total Premium	12.7	13.9	9.6%
Medicine	6.5	7.5	14.4%
Undergraduate	6.0	7.1	18.0%
FIES	1.2	0.9	-21.2%
Graduate	0.5	0.4	-29.2%
IBMEC	6.1	6.4	4.6%
Undergraduate	5.2	5.2	0.7%
FIES	0.3	0.2	-24.8%
Graduate	1.0	1.2	25.7%

Average Ticket ⁽¹⁾ (R\$/month)	1Q21	1Q22	Δ %
Medicine Undergraduate	8,809.6	9,610.2	9.1%
IBMEC Undergraduate	2,657.4	2,962.7	11.5%

Premium student base
(Thousand students)



Undergraduate Intake
(Thousand students)



● IBMEC ● Medicine

The **Premium** segment posted strong results, ending 1Q22 with 13.9 thousand students, up by 9.6% YoY due to the strong intake cycle in the segment (+31% vs. 1Q21). The **medicine undergraduate** segment was up by 18% YoY, mainly due to the early intake of ~50% of the 228 authorized seats in March 22 at the Jaraguá do Sul (+100), Ji-Paraná (50), Iguatu (50) and Unijipia (28) units. The IBMEC student base ended 1Q22 with 6.4 thousand students (+4.6% vs. 1Q21), due to the increase in undergraduate intake (+44% vs. 1Q21) and the graduate student base (+25.7% vs. 1Q21).

In 1Q22, **Medicine undergraduate average ticket** totaled at R\$9,610/moth, up by 9.1% YoY, due to the increase in seat offering and intake ticket higher than the ticket for senior students.

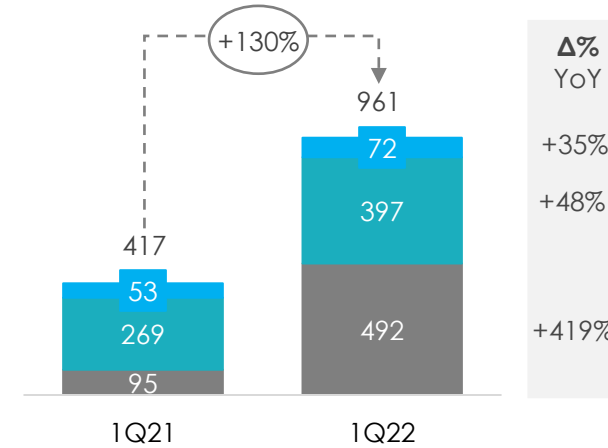
IBMEC average ticket totaled to R\$2,963/month, up by 11.5% vs. 1Q21, mainly boosted by stronger intake in São Paulo, which has a higher ticket.

(1) Average ticket = Net revenue for the period x 1,000/3/final student base | Net revenue of medicine adjusted for effects of laws and injunctions in court in 1Q21.

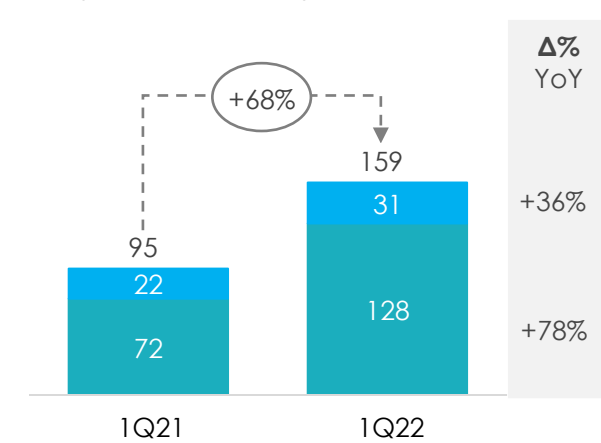
Student base (thousand students)	1Q21	1Q22	Δ %
Total Digital Learning	417.2	961.2	130.4%
Undergraduate	322.3	468.9	45.5%
100% online	268.9	396.9	47.6%
Flex	53.4	72.0	34.7%
Lifelong	94.9	492.2	418.9%
Qconcurcos	0.0	438.3	n.a.
Digital Learning (ex-Qconcurcos)	417.2	522.9	25.3%

Average Ticket ⁽¹⁾ (R\$/month)	1Q21	1Q22	Δ %
Total Undergraduate	239.9	225.2	-6.1%
100% online Undergraduate	207.5	195.5	-5.8%
Flex Undergraduate	403.0	389.4	-3.4%

Digital student base
(Thousand students)



Undergraduate Intake
(Thousand students)



100% Online Flex Lifelong

Digital Learning, which includes Lifelong Learning, reached 961.2 thousand students by the end of 1Q22, recording growth of 130.4% YoY, driven by the acquisition of Qconcurcos in July 2021. Excluding said acquisition, **Digital Learning student base increased by 25.3%** vs. 1Q21.

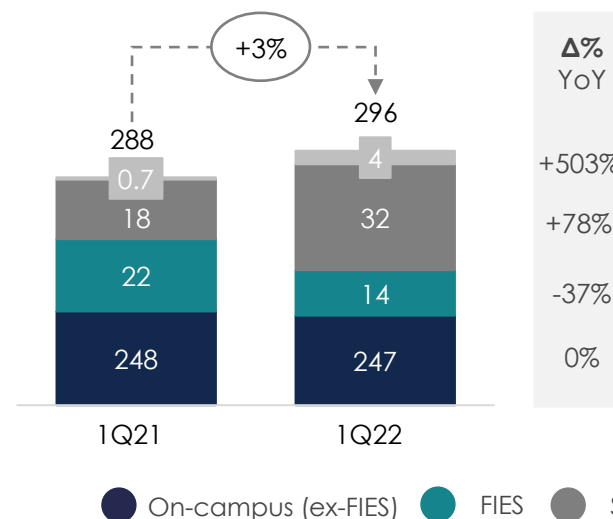
The **Digital Learning undergraduate student base** was up by 45.5% vs. 1Q21, chiefly as a result of a robust intake cycle in the period (+68% vs. 1Q21) which is linked to the strong expansion pace of DL centers (+458 centers vs. 1Q21), which is still in the process of maturing. It is important to mention that expansion is being mainly in smaller cities.

In 1Q22, **digital learning undergraduate average ticket** was down by 6.1%, as already expected, in line with the disclosed guidance (-5% to -10%), totaling R\$225/month.

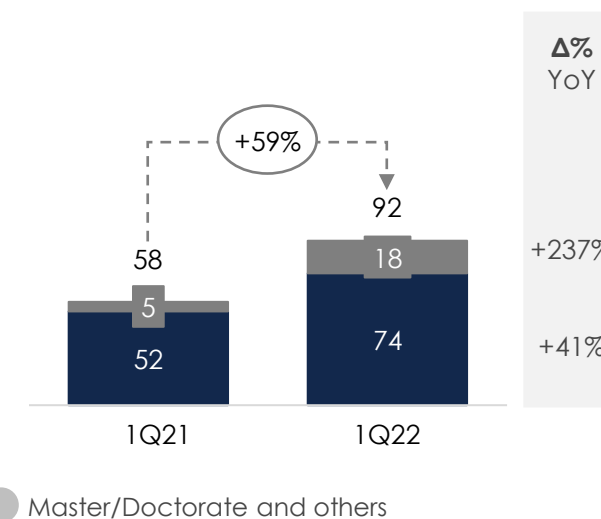
(1) Average ticket = Net revenue for the period x 1,000/3/final student base

Student base (thousand students)	1Q21	1Q22	Δ %
Total On-campus	288.1	296.0	2.7%
Undergraduate	287.4	291.9	1.6%
On-campus	269.6	260.3	-3.4%
FIES	21.6	13.5	-37.4%
Semi on-campus	17.8	31.7	77.6%
Masters/Doctorate and others	0.7	4.1	502.7%
Average Ticket⁽¹⁾ (R\$/month)	1Q21	1Q22	Δ %
Total Undergraduate	678.9	631.9	-6.9%
On-campus undergraduate	692.2	650.0	-6.1%
Semi On-campus undergraduate	478.2	483.2	1.0%

On-campus student base
(Thousand students)



Undergraduate Intake
(Thousand students)



In 1Q22, **On-campus** student base amounted to 296 thousand students (+2.7% vs. 1Q21), which shows the recovery of the student base that has been strongly impacted by the pandemic over the past two years. However, in 1Q22, it posted strong 59% growth in 1Q22 vs. 1Q21, due to the intake cycle, which is resuming to pre-pandemic levels.

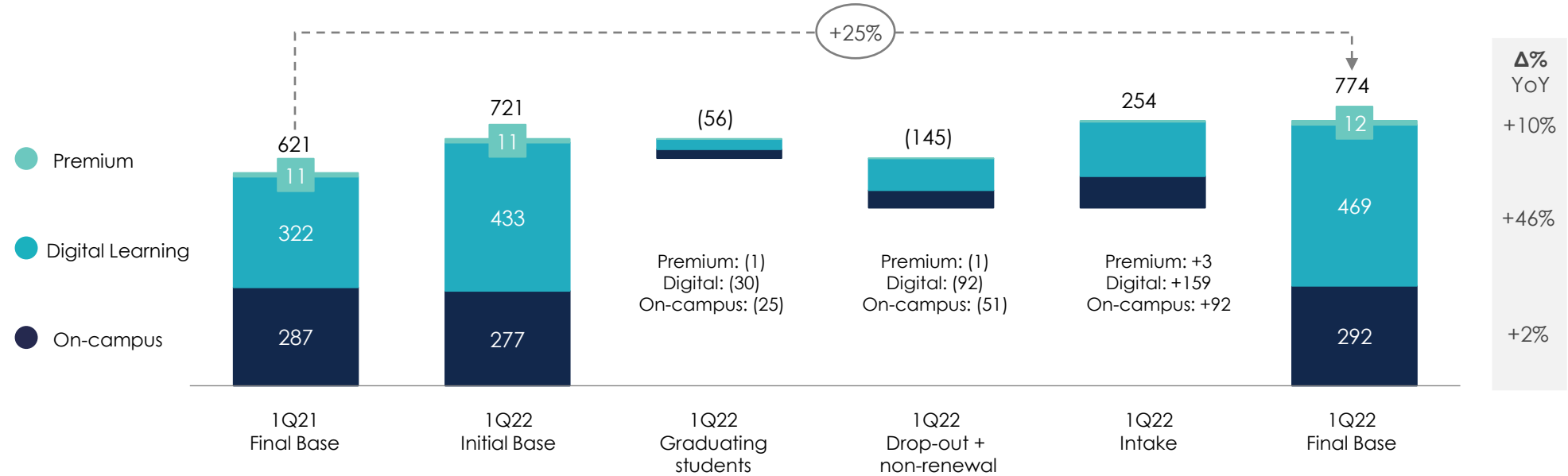
The **On-campus undergraduate** student base was up by 1.6% vs. 1Q21, stemming from the Company's commitment to the recovery of this segment's student base through an increase in intake (+41% vs. 1Q21). The **Semi on-campus** undergraduate student base has been gaining representativeness and totaled 31.7 thousand students in 1Q22 (+77.6% vs. 1Q21) due to the increase in intake (+237% vs. 1Q21) coupled with the expansion of course portfolio, including programs such as veterinary and others.

On-campus undergraduate average ticket was down by 6.9% vs. 1Q21, totaling R\$632/month. **On-campus undergraduate average ticket** totaled R\$650/month, down by 6.1% vs. 1Q21, slightly below the disclosed guidance (0% to -5%) mainly due to the lower adhesion to DIS that pressured average ticket, which would have been stable if DIS adhesion were in line with 1Q21 figures. **Semi on-campus average ticket** totaled R\$483/month, up by 1.0% vs. 1Q21, due to the expansion of the portfolio with higher ticket courses.

(1) Average ticket = Net revenue for the period x 1,000/3/final student base | Net revenue adjusted for effects of laws and injunctions in court in 1Q21.

CHANGES IN THE UNDERGRADUATE BASE 1Q22

(thousand students)	Initial base 1Q22	Graduating students 1Q22	Drop-out + non- renewal 1Q22	Intake 1Q22	Final base 1Q22
Undergraduate	721	(56)	(145)	254	774
Premium	11	(1)	(1)	3	12
Medicine	6	(0)	(1)	2	7
IBMEC	5	(1)	(0)	1	5
Digital Learning	433	(30)	(92)	159	469
100% Online	366	(25)	(72)	128	397
Flex	67	(4)	(21)	31	72
On-campus	277	(25)	(51)	92	292
On-campus	256	(24)	(45)	74	260
Semi on-campus	21	(2)	(6)	18	32



FINANCIAL DATA

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INCOME STATEMENT

	Consolidated			Premium			Digital Learning			On-campus		
(R\$ million)	1Q21	1Q22	Δ %	1Q21	1Q22	Δ %	1Q21	1Q22	Δ %	1Q21	1Q22	Δ %
Gross Revenue	2,057.0	2,454.3	19.3%	244.6	306.9	25.5%	559.4	813.3	45.4%	1,253.0	1,334.0	6.5%
Monthly tuition fees and others	2,057.0	2,454.3	19.3%	244.6	306.9	25.5%	559.4	813.3	45.4%	1,253.0	1,334.0	6.5%
Deductions from gross revenue	(974.7)	(1,261.3)	29.4%	(42.5)	(44.6)	4.9%	(269.0)	(442.4)	64.5%	(663.1)	(774.2)	16.8%
Net Revenue	1,082.3	1,193.0	10.2%	202.1	262.4	29.8%	290.3	370.8	27.7%	589.9	559.8	-5.1%
Cost of Services	(456.8)	(465.7)	1.9%	(75.6)	(96.3)	27.3%	(60.8)	(70.8)	16.4%	(320.4)	(298.8)	-6.7%
Gross Profit	625.5	727.3	16.3%	126.4	166.1	31.3%	229.5	300.0	30.7%	269.5	260.9	-3.2%
Gross margin (%)	57.8%	61.0%	3.2 p.p.	62.6%	63.3%	0.7 p.p.	79.1%	80.9%	1.9 p.p.	45.7%	46.6%	0.9 p.p.
Selling Expenses	(251.6)	(270.6)	7.6%	(11.0)	(18.3)	66.1%	(77.4)	(108.2)	39.8%	(163.2)	(144.0)	-11.8%
G&A Expenses	(220.9)	(240.9)	9.0%	(36.3)	(48.2)	32.8%	(60.2)	(81.5)	35.3%	(124.5)	(111.2)	-10.7%
Other operating revenue/ expenses	5.8	3.8	-33.6%	0.2	0.4	82.8%	2.2	1.5	-31.5%	3.3	1.9	-42.4%
(+) Depreciation and amortization	154.4	176.6	14.4%	20.8	30.0	44.0%	20.4	27.7	35.5%	113.2	119.0	5.1%
EBITDA	313.1	396.2	26.5%	100.2	129.9	29.7%	114.6	139.6	21.8%	98.4	126.7	28.7%
EBITDA margin (%)	28.9%	33.2%	4.3 p.p.	49.6%	49.5%	0.0 p.p.	39.5%	37.6%	-1.8 p.p.	16.7%	22.6%	6.0 p.p.
Financial result	(105.5)	(144.3)	36.8%	-	-	-	-	-	-	-	-	-
Depreciation and amortization	(154.4)	(176.6)	14.4%	-	-	-	-	-	-	-	-	-
Income tax	(7.3)	0.6	n.a.	-	-	-	-	-	-	-	-	-
Social contribution	(2.7)	0.1	n.a.	-	-	-	-	-	-	-	-	-
Net Income	43.2	76.0	75.9%	-	-	-	-	-	-	-	-	-
Net margin (%)	4.0%	6.4%	2.4 p.p.	-	-	-	-	-	-	-	-	-
Adjusted Net Revenue ⁽¹⁾	1,088.8	1,193.0	9.6%	210.3	262.4	24.8%	290.3	370.8	27.7%	588.2	559.8	-4.8%
Adjusted EBITDA ⁽¹⁾	324.2	400.4	23.5%	111.0	130.3	17.4%	111.9	140.1	25.3%	101.4	130.0	28.2%
Adjusted EBITDA margin (%)	29.8%	33.6%	3.8 p.p.	52.8%	49.7%	-3.1 p.p.	38.5%	37.8%	-0.7 p.p.	17.2%	23.2%	6.0 p.p.

(1) Net revenue adjusted for effects of laws and injunctions in court in 1Q21 | Adjusted EBITDA for non-recurring items, detailed in the EBITDA section

OPERATING REVENUE

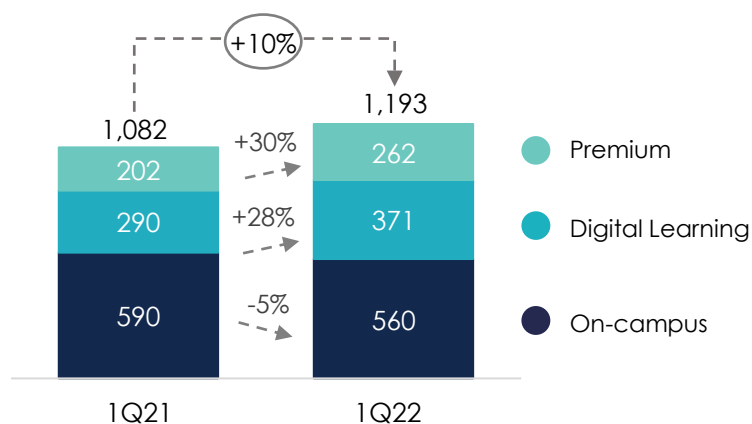
(R\$ million)	1Q21	1Q22	Δ %
Gross Revenue	2,057.0	2,454.3	19.3%
Monthly tuition fees	2,043.3	2,418.1	18.3%
Other	13.6	36.2	165.1%
Deductions from Gross Revenue	(974.7)	(1,261.3)	29.4%
Discounts and scholarships	(932.0)	(1,210.4)	29.9%
Taxes	(39.5)	(42.1)	6.6%
AVP and other deductions	(3.1)	(8.8)	179.7%
Net Revenue	1,082.3	1,193.0	10.2%
Premium	202.3	262.4	29.7%
Digital Learning	290.3	370.8	27.7%
On-campus	589.9	559.8	-5.1%
Adjusted Net Revenue ⁽¹⁾	1,088.8	1,193.0	9.6%
Premium	210.5	262.4	24.7%
Digital Learning	290.3	370.8	27.7%
On-campus	588.2	559.8	-4.8%

In 1Q22, the Company's **net revenue** increased by 10.2% YoY, and the Premium and Digital segments were the main growth drivers. Together, they **already account for 53% of the Company's total net revenue** for the quarter (+8 p.p. vs. 1Q21).

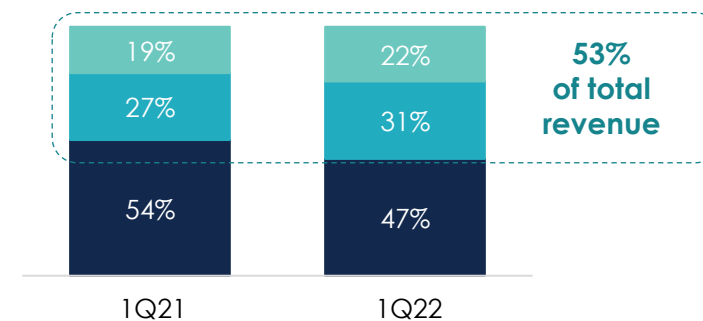
- The **Premium** segment recorded a **significant 29.7% growth (+R\$60.1 million)** versus 1Q21, mainly boosted by the strong 18% growth in medicine undergraduate student base as a result of the increase in seat offering, in addition to the more than 40% rise in IBMEC intake vs. 1Q21.
- Digital learning** also recorded a **substantial growth of 27.7% (+R\$80.5 million) vs. 1Q21**, due to the 45.5% increase in undergraduate student base driven by the expansion of partner centers (+458 centers YoY) and the maturation of existing ones.
- The **On-campus** segment resumed its growth due to the increase in intake (+59.1% vs. 1Q21) and the recovery of student base (+2.7% vs. 1Q21). Net revenue was **down by 5.1% (-R\$30.1 million) YoY**, mainly as a result of lower adhesion to DIS during intake.

It is important to point out, as mentioned in the previous earnings release, the impact from laws and court decisions was irrelevant this quarter.

Net Operating Revenue by BU
(R\$ million)



Net Operating Revenue by BU
(% of total net revenue)



(1) Adjusted by the law and court (individual lawsuits), mainly from medicine school students in 1Q21.

COST OF SERVICES AND GROSS PROFIT(1/2)

(R\$ million)	1Q21	1Q22	Δ %
Cost of Services	(456.8)	(465.7)	1.9%
Personnel	(276.9)	(267.7)	-3.3%
Rent, Municipal Property Tax and Others	(13.2)	(10.6)	-19.3%
Rent	(83.5)	(85.0)	1.9%
Leasing - right of use of properties (IFRS-16)	83.2	84.6	1.7%
Other	(12.9)	(10.3)	-20.8%
Transfer of Centers	(37.5)	(45.6)	21.7%
Third-party services	(12.7)	(16.3)	28.3%
Utilities	(8.1)	(11.9)	47.0%
Other costs	(2.8)	(3.2)	14.5%
Depreciation and amortization	(105.7)	(110.4)	4.4%
Leasing - right of use of properties	(62.8)	(62.0)	-1.1%
Systems, apps and Software	(3.8)	(1.9)	-50.5%
Improvement to third-party assets	(14.5)	(23.3)	60.7%
IT equipment	(3.9)	(3.1)	-21.9%
Machinery and equipment	(2.9)	(3.0)	4.6%
Other D&A costs	(17.8)	(17.1)	-4.3%
Gross profit	625.5	727.3	16.3%
Gross margin (%)	57.8%	61.0%	3.2 p.p.
Adjusted Cost of Services ⁽¹⁾	(455.5)	(464.6)	2.0%
Premium	(76.0)	(96.2)	26.6%
Digital Learning	(62.0)	(70.6)	13.9%
On-campus	(317.4)	(298.0)	-6.1%
Adjusted Cost of Personnel ⁽¹⁾	(275.6)	(266.6)	-3.3%

In 1Q22, **cost of services** was slightly up by 1.9% YoY, mainly due to the 21.7% increase in transfer to partner centers. Below are the main variations in the quarter.

- Personnel costs: down by R\$9.2 million, due to (i) R\$24.4 million reduction in the on-campus segment due to the operational research, which improves class distribution by sharing courses and adopting online content in on-campus courses and (ii) R\$15.4 million increase in the premium segment due to the maturation and expansion of medicine seats.
- Rent and municipal property taxes costs: R\$2.5 million decrease from the Company's efforts to reduce rent and other costs.
- Transfers to centers costs: R\$8.1 million increase due to the Digital Learning expansion via partner centers (+458 centers vs. 1Q21), which currently already account for almost 63% of 1Q22's total undergraduate student base.
- Third-party services (security and cleaning), utility and other costs were up by R\$7.8 million due to the resumption of 100% of on-campus classes.
- Depreciation and amortization: R\$4.7 million rise due to improvements to third-party assets related to returned properties.

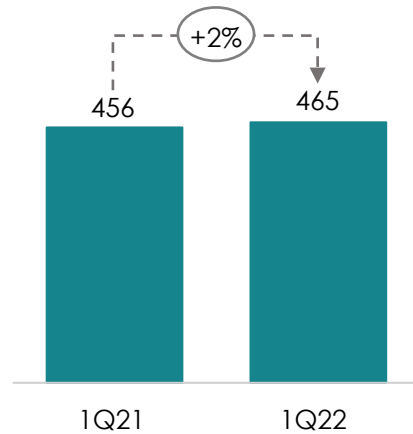
Cost of services were impacted by the non-recurring effect related to the operational research in the amount of R\$1.1 million.

Due to the decrease in costs, **Gross Profit** was **up by 16.3%** YoY, and gross margin was 61.0% (+3.2 p.p. vs. 1Q21).

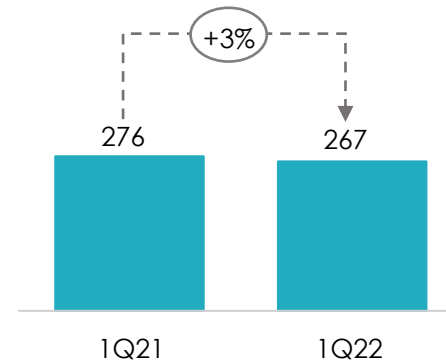
(1) Adjusted by non-recurring items, explained in detail on the EBITDA section.

COST OF SERVICES AND GROSS PROFIT(2/2)

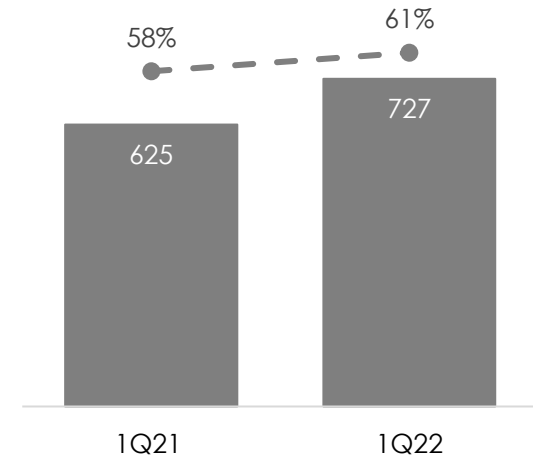
Adjusted cost of services ⁽¹⁾
(R\$ million)



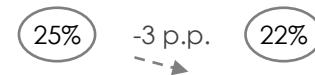
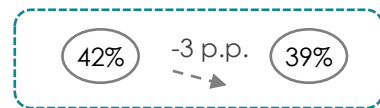
Adjusted Cost of Personnel ⁽¹⁾
(R\$ million)



Gross Profit and gross margin
(R\$ million; %)



% of net revenue



Costs as a % of Net revenue end 1Q22 at a decline by 3 p.p. vs 1Q21, driven by the reduction of personnel costs in the on-campus segment, as a result of operational research (OR)

(1) Adjusted by non-recurring items, explained in detail on the EBITDA section.

(R\$ million)	1Q21	1Q22	Δ %
Selling Expenses	(251.6)	(270.6)	7.6%
Bad Debt	(95.4)	(128.7)	34.9%
Out-of-pocket	(41.6)	(74.1)	78.1%
PAR ⁽¹⁾	(8.5)	(7.0)	-17.7%
DIS ⁽¹⁾	(45.3)	(47.6)	5.1%
Sales and Marketing (M&S)	(156.2)	(141.7)	-9.3%
Advertising	(132.2)	(111.9)	-15.3%
Other	(24.0)	(29.8)	24.3%
Other	(0.0)	(0.2)	528.0%
Bad Debt + Discounts	(124.5)	(159.8)	28.4%
% of net revenue	11.5%	13.4%	1.9 p.p.
Bad Debt by BU	(95.4)	(128.7)	34.9%
Premium	(4.0)	(10.1)	151.4%
Digital Learning	(28.2)	(54.7)	94.0%
On-campus	(63.2)	(63.9)	1.2%
Sales and Marketing by BU	(156.2)	(141.7)	-9.3%
Premium	(7.0)	(8.2)	17.4%
Digital Learning	(49.2)	(53.5)	8.7%
On-campus	(100.0)	(80.0)	-20.0%

In 1Q22, **selling expenses** were up by 7.6% arising from the increase in bad debt expenses, as explained below.

Bad debt expenses were up by 34.9% YoY (+R\$33.3 million), mainly stemming from:

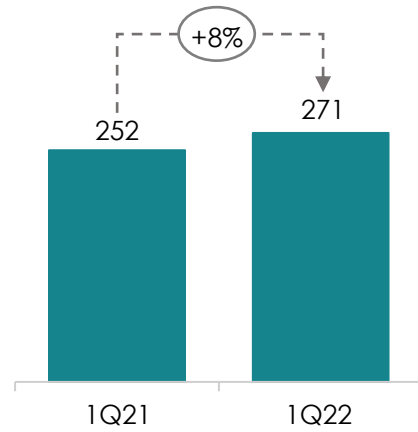
- The Premium segment (+R\$6.1 million), whose increase is due the delinquency of students who have benefited from laws and court decisions and were entitled to renew their enrollments without renegotiating their debt.
- The Digital Learning segment (+R\$26.5 million), which was up due to: (i) the impact from students who enrolled in 2Q21 putting their enrollments on hold, thus changing the Bad Debt seasonality for the coming quarters, which correspond to almost 70% of said increase and (ii) increase in intake (+68.1% vs. 1Q21), which mostly comes from DIS and have a higher provisioning, corresponding to the remaining 30% of Bad Debt increase in the quarter.
- On-Campus segment (R\$0.7 million) was slightly up even with an increase in intake.

Bad Debt + discounts were up by 28.4% vs. 1Q21, reaching 13.4% (+1.9 p.p. vs. 1Q21) as a percentage of net revenue, due to the increase in Bad Debt as mentioned above.

Sales & Marketing expenses dropped by R\$14.5 million YoY, returning to normal levels, as a result of the Company's efforts to control expenses, especially in the on-campus segment. Sales & Marketing expenses reached 11.9% (-2.6 p.p. vs. 1Q21) as a percentage of total net revenue. It is important to emphasize that it is estimated that Sales & Marketing expenses remain stable as a percentage of net revenue for the year.

SELLING EXPENSES (2/2)

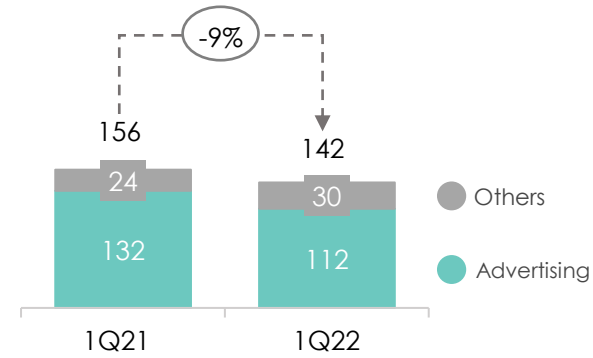
Selling expenses
(R\$ million)



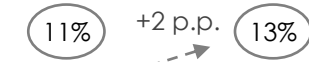
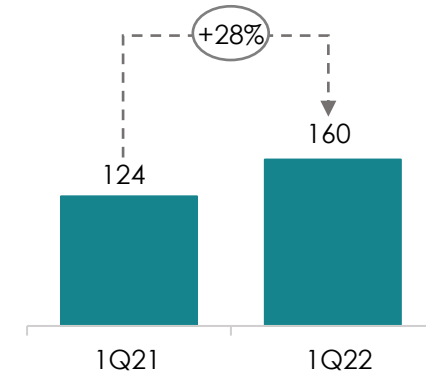
% of net revenue



Sales and Marketing
(R\$ million)



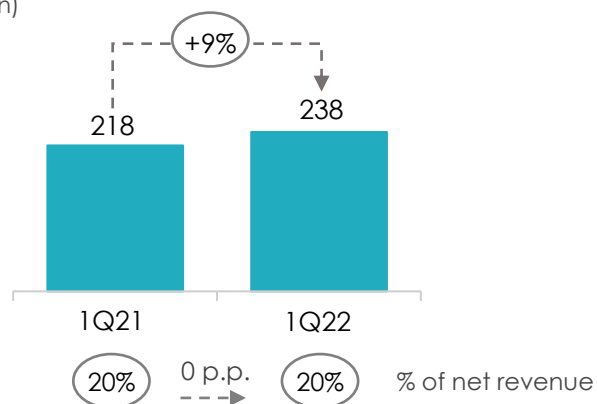
Adjusted Bad Debt + Discounts
(R\$ million)



GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

(R\$ million)	1Q21	1Q22	Δ %
G&A Expenses	(220.9)	(240.9)	9.0%
Personnel	(86.6)	(82.3)	-4.9%
Third-party services	(30.8)	(33.7)	9.4%
Provision for contingencies	(15.8)	(11.6)	-26.8%
Maintenance and repairs	(18.9)	(14.8)	-21.6%
Other	(20.2)	(32.3)	60.2%
Depreciation and amortization	(48.7)	(66.3)	35.9%
Goodwill acquisitions	(16.8)	(15.7)	-6.5%
Systems, applications and software	(19.7)	(35.0)	77.4%
Other D&A expenses	(12.2)	(15.6)	27.5%
Other revenue/ expenses	5.8	3.8	-33.6%
Adjusted G&A Expenses ⁽¹⁾	(217.7)	(237.8)	9.2%
Premium	(34.2)	(47.9)	40.3%
Digital Learning	(60.7)	(81.1)	33.6%
On-Campus	(122.4)	(108.7)	-11.2%

Adjusted General and administrative expenses ⁽¹⁾
(R\$ million)



(1) Adjusted by non-recurring items, explained in detail on the EBITDA section.

In 1Q22, **general and administrative expenses** were up by 9.0% YoY. Below are the main variations in the quarter.

- Personnel expenses: R\$4.3 million decrease, mainly due to the reversal of provision for administrative bonus.
- Third-party services: R\$2.9 million increase, mainly due to the reclassification of IT consulting services that had been previously recorded under maintenance and repairs.
- Provision for contingencies: R\$4.2 million reduction due to the review of risk estimates for labor proceedings.
- Maintenance and repairs: R\$4.1 million reduction, mainly arising from the reclassification of IT consulting expenses as mentioned above.
- Other expenses: R\$12.1 million increase, due to higher expenses with education agreements, mainly in medical programs (R\$3.3 million); travel and accommodation expenses (R\$2.5 million) due to the resumption of on-campus activities; contract fines (R\$1.1 million) for returning properties; and other expenses related to the resumption of in-person activities at the corporate offices.
- Depreciation and amortization: up by R\$17.5 million due to the amortization of systems, applications and software due to investments in digital transformation and technology.

General and administrative expenses were impacted by non-recurring effects amounting to R\$3.1 million, related to the legal consulting and services for M&A, contract fines for returning properties and other expenses. Excluding such non-recurring effects, **adjusted G&A expenses** increased by 9.2% YoY, and remained stable as a percentage of the Company's total net revenue.

It is important to note that higher expenses are mainly related to the increase in personnel and other expenses in the Premium and Digital Learning segments (+R\$7.1 million and R\$14.5 million), respectively, which continue in a strong expansion pace. In turn, the on-campus segment recorded a decrease of R\$19.1 million in personnel and other expenses.

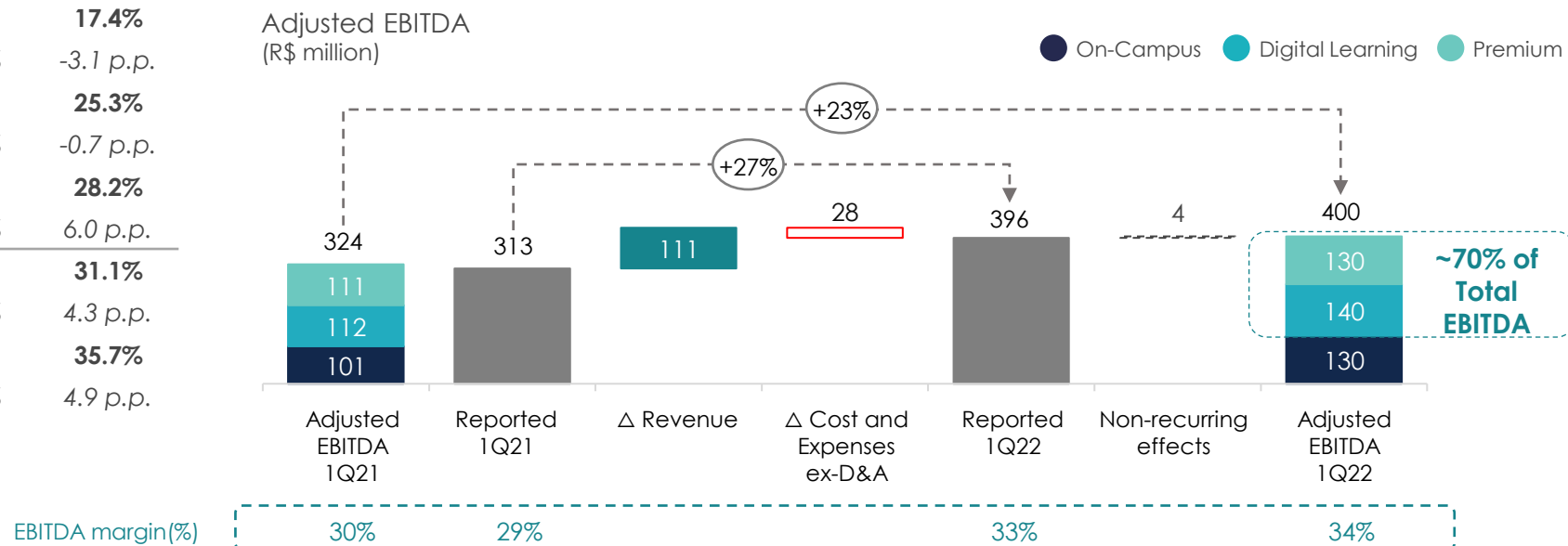
EBITDA AND MARGIN

(R\$ million)	1Q21	1Q22	Δ %
Net Revenue	1,082.3	1,193.0	10.2%
Costs and Expenses	(923.6)	(973.4)	5.4%
(+) Depreciation and amortization	154.4	176.6	14.4%
EBITDA	313.1	396.2	26.5%
EBITDA margin (%)	28.9%	33.2%	4.3 p.p.
Non-recurring items	11.1	4.2	-62.4%
Operational Research (OR)	1.3	1.1	-19.7%
M&A, Integration and others	3.2	3.1	-4.2%
Non-recurring items from net revenue	8.4	-	n.a.
Impact Revenue (Legacy Athenas)	(1.9)	-	n.a.
Adjusted EBITDA	324.2	400.4	23.5%
Adjusted EBITDA margin(%)	29.8%	33.6%	3.8 p.p.
Premium	111.0	130.3	17.4%
EBITDA margin(%)	52.8%	49.7%	-3.1 p.p.
Digital Learning	111.9	140.1	25.3%
EBITDA margin(%)	38.5%	37.8%	-0.7 p.p.
On-Campus	101.4	130.0	28.2%
EBITDA margin(%)	17.2%	23.2%	6.0 p.p.
Adjusted EBITDA ex-IFRS 16	239.6	314.2	31.1%
Adjusted EBITDA margin(%)	22.0%	26.3%	4.3 p.p.
EBITDA ex-IFRS 16	228.5	310.1	35.7%
EBITDA margin (%)	21.1%	26.0%	4.9 p.p.

In 1Q22, the Company's **EBITDA** came to R\$396.2 million, up by 26.5% YoY, with an EBITDA margin of 33.2% (+4.3 p.p. Vs. 1Q21), due the growth in all segments. Below are the main variations for this result.

- **R\$110.6 million increase in net revenue**, boosted by the Premium and Digital segments.
- **Negative costs and expenses effect of R\$27.6 million** due to the following items explained in detail in the previous sections: (i) increase in transfer to partner centers; (ii) increase in bad debt expenses and (iii) other cost and expenses due to the resumption of 100% of on-campus and corporate offices activities.

EBITDA was impacted by non-recurring effects amounting to R\$4.2 million (-62.4% vs. 1Q21), related to the operational research (OP), contractual fine for returning properties and M&A. Excluding said effects, the Company's **adjusted EBITDA** totaled R\$400.4 million (+23.5% vs. 1Q21) and adjusted EBITDA margin stood at 33.6% (+3.8 p.p. vs. 1Q21).



FINANCIAL RESULT AND NET INCOME (1/2)

(R\$ million)	1Q21	1Q22	Δ %
EBITDA	313.1	396.2	26.5%
Financial Result	(105.5)	(144.3)	36.8%
Financial Revenue	28.6	66.6	133.0%
Fines and interest charged	11.3	14.9	31.9%
Investments	7.7	37.7	391.6%
Inflation adjustments	8.3	13.0	55.5%
Others	1.3	1.0	-21.3%
Financial Expenses	(116.1)	(196.3)	69.0%
Interest and financial charges	(33.4)	(111.5)	233.3%
Financial discounts	(29.0)	(31.1)	7.1%
Bank expenses	(2.4)	(2.9)	20.9%
Interest on leasing	(31.9)	(31.9)	0.0%
Others	(19.3)	(18.9)	-2.3%
Swap Net Effect	(17.9)	(14.5)	-18.7%
(+) Depreciation and amortization	(154.4)	(176.6)	14.4%
Profit before taxes	53.3	75.3	41.4%
Income tax	(7.3)	0.6	n.a.
Social Contribution	(2.7)	0.1	n.a.
Net Income	43.2	76.0	75.9%
Net margin (%)	4.0%	6.4%	2.4 p.p.
Net Income ex-IFRS 16	54.2	84.8	56.4%
Net margin (%)	5.0%	7.1%	2.1 p.p.
Adjusted Net Income ⁽¹⁾	72.0	96.0	33.4%
Adjusted net margin (%)	6.6%	8.0%	1.4 p.p.
Adjusted Net Income ⁽¹⁾ ex-IFRS 16	83.0	104.8	26.3%
Adjusted net margin (%)	7.6%	8.8%	1.2 p.p.

In 1Q22, the Company's **financial result** was worse by 36.8% YoY. Below are the main drivers of this result.

- **Financial revenue:** up by R\$38.0 million due to: (i) fines and interest rates charged on overdue amounts (+R\$3.6 million); (ii) R\$30.0 million in earnings from financial investments due to the interest rate increase and (iii) R\$4.6 million from monetary restatement mainly arising from the increase in tax credit base.
- **Financial expenses:** R\$80.1 million increase, stemming from: (i) R\$78.0 million in interest and financial charges due to the increase in debt and interest rates and (ii) R\$2.1 million from discounts granted at enrollment renewal.

The Company's **net income** amounted to R\$76.0 million in 1Q22, a surge of 75.9% vs. 1Q21. Below are the main drivers of this result.

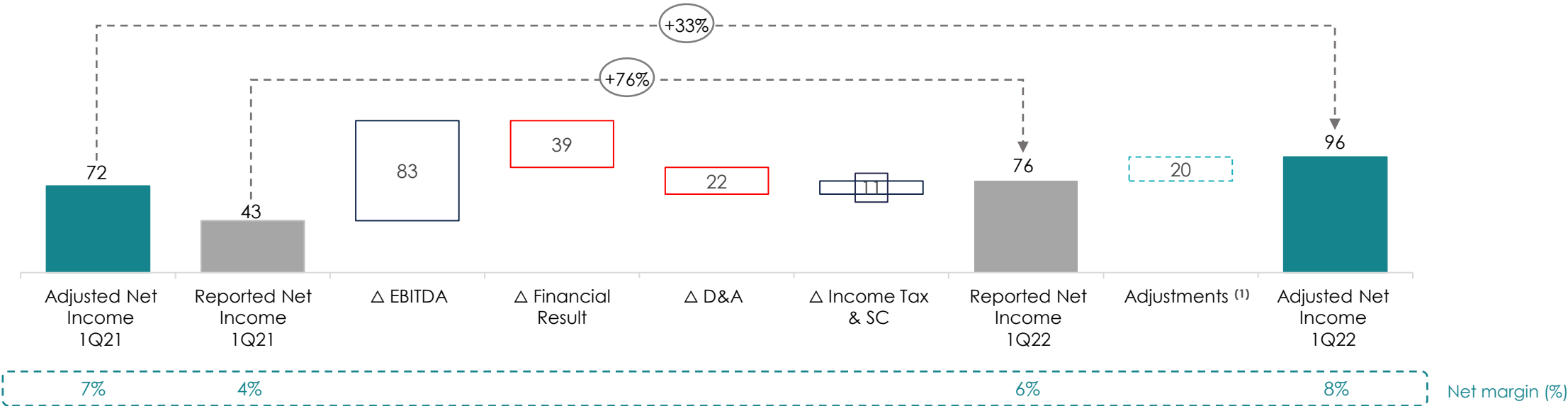
- R\$83.1 million increase in EBITDA, growth in all segments.
- R\$38.5 million worsening in financial result, as explained above.
- R\$22.2 million increase in depreciation and amortization, related to improvements to third-party assets, plus current investments in systems, applications and software.
- R\$10.8 million reduction in Income Tax and Social Contribution, related to the distribution of earnings as Interest on Equity among the subsidiaries (direct and indirect) during the quarter.

Net income was also impacted by non-recurring effects in the amount of R\$20.0 million, namely: (i) R\$4.2 million in EBITDA; (ii) R\$15.7 million related to goodwill from acquisitions and (iii) R\$1.0 million in income tax and social contribution. Excluding said effects, **adjusted net income** would have reached R\$96.0 million (+33.2% vs. 1Q21) and adjusted net margin of 8.0% (+1.4 p.p. YoY).

(1) Adjusted for non-recurring effects (i) R\$4.2 million in EBITDA and (ii) R\$15.7 million related to the amortization of goodwill from acquisitions and R\$0.1 million of Income Tax and SC.

FINANCIAL RESULT AND NET INCOME (2/2)

Adjusted Net Income ⁽¹⁾
(R\$ million)



(1) Non-recurring effects (i) R\$4.2 million in EBITDA and (ii) R\$15.7 million related to the amortization of goodwill from acquisitions and R\$0.1 million of Income Tax and SC.

(R\$ million)	1Q21	4Q21	1Q22
Monthly tuition fees received	1,504.0	1,446.0	1,550.6
Out-of-Pocket	960.4	882.9	837.9
Exchange Deals	17.7	23.8	26.6
PAR	163.9	114.5	119.3
DIS	337.0	391.3	533.0
CREDATHENAS	25.0	33.6	33.8
FIES	138.7	108.4	99.6
Other	229.6	275.2	332.7
Credit Cards to be received	110.6	131.0	162.3
Agreements	119.0	144.2	170.4
Gross Accounts Receivable	1,872.3	1,829.6	1,982.9

Bad Debt	(694.8)	(559.2)	(631.8)
Out-of-Pocket ⁽¹⁾	(551.1)	(427.5)	(483.7)
PAR (50%)	(83.7)	(51.7)	(55.4) (a)
DIS (15%)	(42.8)	(56.3)	(68.5) (b)
CREDATHENAS (50%)	(17.2)	(23.7)	(24.2)
Amounts to be identified	(34.7)	(9.2)	(7.1)
Adjustment to present value (APV) ⁽²⁾	(24.8)	(29.8)	(38.6)
APV PAR	(11.5)	(10.8)	(8.4) (c)
APV DIS	(10.4)	(15.8)	(26.9) (d)
APV CREDATHENAS	(2.8)	(3.2)	(3.3)
Net Accounts Receivable	1,118.1	1,231.4	1,305.4

In 1Q22, the Company's **gross accounts receivable** were up by R\$110.6 million vs. 1Q21, mainly due to the increase in settlements and credit card payments related to the enrollment renewal, in addition to the effect of Qconcursos, which only accepts payments using credit cards. Compared to 4Q21, this increase was R\$153.3 million related to the increase in DIS, settlements and credit card payments.

Net accounts receivable in 1Q22 were up by R\$187.3 million YoY, mainly due to the increase in DIS and CredAthenas. Compared to 4Q21, this growth was R\$74.0 million.

PAR and DIS Reconciliation

(R\$ million)	PAR		DIS	
	1Q21	1Q22	1Q21	1Q22
Gross revenue paid in cash	11.2	6.2	7.9	14.5
Gross revenue paid in installments	9.5	4.0	131.9	202.9
Taxes – revenue deductions	(0.7)	(0.3)	(4.9)	(7.3)
Adjustment to Present Value (APV) ⁽²⁾	1.3	2.5 Δ(c)	(3.7)	(11.1) Δ(d)
Bad Debt – long term (50%)	(4.1)	(3.7) Δ(a)	(8.6)	(12.2) Δ(b)
Bad Debt non-renegotiated dropouts	(4.4)	(3.3)	(36.7)	(35.4)
Bad Debt of Net Revenue (%)	0.8%	0.6%	4.2%	4.0%

(1) Includes short-term DIS and PAR installments and student balance dropout and non-renewal DIS/PAR.

(2) Correction of installments based on IPCA and brought to present value on NTN-2024.

AVERAGE TERM OF RECEIVABLES

(R\$ million)	1Q21	4Q21	1Q22	Δ% vs. 1Q21	Δ% vs. 4Q21
Net accounts receivables	1,118.1	1,231.4	1,305.4	16.8%	6.0%
Net Revenue (12M)	4,101.1	4,440.0	4,528.4	10.4%	2.0%
Average Term of Receivables ATR (days)	98	100	104	6.1%	4.0%
FIES accounts receivable	138.7	108.4	99.6	-28.2%	-8.1%
FIES Revenue (12M)	525.7	367.7	332.7	-36.7%	-9.5%
FGEDUC Deductions (12M)	(49.4)	(34.0)	(29.6)	-40.1%	-12.8%
Taxes (12M)	(20.7)	(13.3)	(11.7)	-43.6%	-12.6%
FIES Net Revenue (12M)	455.6	320.4	291.4	-36.0%	-9.0%
FIES ATR (days)	110	122	123	11.8%	0.8%
Ex-FIES accounts receivable	979.3	1,122.9	1,205.8	23.1%	7.4%
Ex-FIES net revenue (12M)	3,645.6	4,119.6	4,237.0	16.2%	2.8%
Ex-FIES ATR (days)	97	98	102	5.2%	4.1%

In 1Q22, **consolidated average term of receivables (ATR)** increased by 6.1% vs. 1Q21 (+6 days), mainly due to:

- **FIES ATR**, which was up by 11.8% YoY (+13 days), due to the advance payment term of agreements, resulting in the postponement of transfers. Compared to 4Q21, FIES ATR was slightly up by 1 day.
- **Ex-FIES ATR**, which was up by 5.2% YoY vs. 1Q21 (+5 days), due to the increase in DIS and higher volume of settlements and credit card payments that do not have risks since they do not record Bad Debt. Compared to 4Q21, Ex-FIES ATR increased by 4.1% (+4 days).

Aging of Total Gross Accounts Receivable ⁽¹⁾

(R\$ million)	1Q21	1Q22	Δ%	Vertical Analysis	
				1Q21 (%)	1Q22 (%)
FIES	138.7	99.6	-28.2%	7%	5%
Not yet due	794.3	960.2	20.9%	42%	48%
Overdue up to 30 days	137.1	182.0	32.7%	7%	9%
Overdue from 31 to 60 days	58.1	63.6	9.5%	3%	3%
Overdue from 61 to 90 days	17.1	22.4	30.8%	1%	1%
Overdue from 91 to 179 days	283.6	279.0	-1.6%	15%	14%
Overdue more than 180 days	443.3	376.1	-15.2%	24%	19%
Gross accounts receivables	1,872.3	1,982.9	5.9%	100%	100%

Aging of Agreements Receivable ⁽²⁾

(R\$ million)	1Q21	1Q22	Δ%	Vertical Analysis	
				1Q21 (%)	1Q22 (%)
Not yet due	63.5	83.7	31.7%	53%	49%
Overdue up to 30 days	9.2	14.6	59.0%	8%	9%
Overdue from 31 to 60 days	6.1	9.5	55.8%	5%	6%
Overdue from 61 to 90 days	4.5	6.7	48.4%	4%	4%
Overdue from 91 to 179 days	14.9	23.2	56.2%	13%	14%
Overdue more than 180 days	20.8	32.7	57.3%	17%	19%
Agreements receivable	119.0	170.4	43.2%	100%	100%

FIES: Changes in Accounts Receivable

(R\$ million)	1Q21	1Q22	Δ%
Opening balance	161.3	108.4	-32.8%
FIES revenue	89.9	59.3	-34.1%
Payment of Taxes	(13.2)	(14.8)	11.9%
Buyback FIES	(99.3)	(53.3)	-46.3%
Closing balance	138.7	99.6	-28.2%

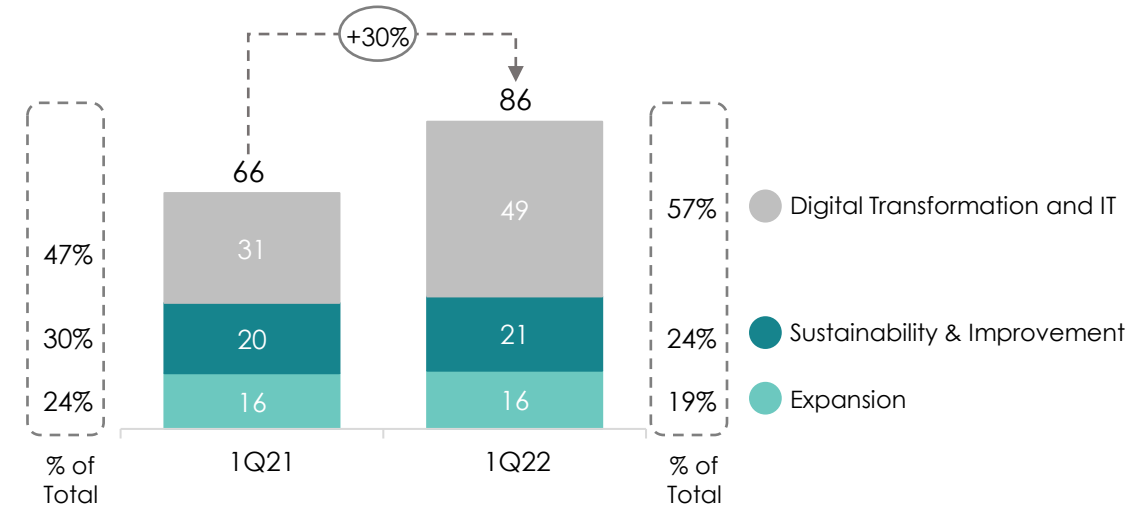
(1) Amounts overdue for more than 360 days are written off from Accounts Receivable up to the limit of the allowance for doubtful accounts.

(2) Excludes credit card agreements.

(R\$ million)	1Q21	1Q22	Δ%
Total Capex	66.2	86.3	30.2%
Digital Transformation and IT	30.8	49.1	59.3%
Sustainability & Improvement	19.8	20.8	5.3%
Expansion	15.6	16.3	4.4%

% of Net Revenue			
Total Capex	6.1%	7.2%	1.1 p.p.
Digital Transformation and IT	2.8%	4.1%	1.3 p.p.
Sustainability & Improvement	1.8%	1.7%	-0.1 p.p.
Expansion	1.4%	1.4%	-0.1 p.p.

CAPEX
(R\$ million)



In 1Q21, the Company's **total Capex** was R\$86.3 million (+30.2% YoY).

Investments in **digital transformation and technology** amounted to R\$49.1 million (+59.3% vs. 1Q21) and accounted for 57% of total Capex in 1Q22, reinforcing the Company's efforts to offer increasingly modern and innovative education services.

Sustainability & improvement investments, which include maintenance and improvements to the unit's infrastructure, projects targeted at student satisfaction, legal and compliance-related projects, as well as asset sale, amounted to R\$20.8 million (+5.3% YoY) and accounted for 24% of total Capex in 1Q22.

Investments in **expansion**, which are related to campuses expansion, new programs and maturation of existing ones, amounted to R\$16.3 million (+4.4% vs. 1Q21). Investments in expansion ended the quarter accounting for 19% of total Capex.

Over the past years, investments in digital transformation and technology have been enhancing student experience through the improvement of registration and enrollment portals, mobile first digital content that provides a better learning routine for students, among others.

CASH POSITION

(R\$ million)	1Q21	1Q22	Δ%
(-) Cash and cash equivalents [a]	(2,050.3)	(1,707.8)	-16.7%
Gross Debt [b]	5,347.5	5,682.7	6.3%
Bank loans ⁽²⁾	3,767.5	3,942.4	4.6%
Leasing	1,438.8	1,590.4	10.5%
Commitments payable (M&A)	141.2	149.9	6.2%
Net Debt [b+a]	3,297.2	3,974.9	20.6%
Net debt (Ex-IFRS 16)/ adjusted EBITDA (LTM)⁽¹⁾	1.4x	1.7x	

In 1Q22, the Company's **cash and cash equivalents** amounted to **R\$1,707.8 million**. **Gross debt (excluding leasing)** ended the quarter at R\$4,092.3 million.

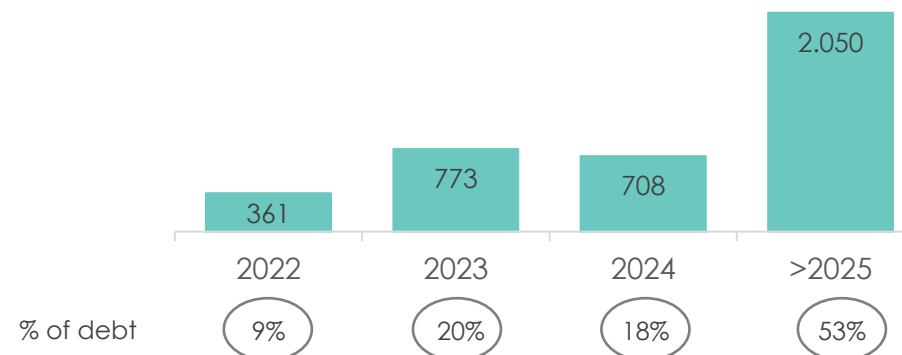
Excluding leasing from gross debt, the **net debt/(LTM) adjusted EBITDA** for non-recurring items ratio stood at **1.7x**, maintaining a healthy leverage and capital discipline.

In 1Q22, the Company settled its 5th Debenture issue (1st series) and the debt with Banco do Brasil, which combined amounted to R\$361 million.

DEBT

Debt Type (R\$ million)	Duration (in years)	Cost	Balance payable (principal + interest)	% of total
FINEP	1.4	TJLP + 0.5%	1.7	0%
Credit Notes	1.9	CDI + 2.55%	720.7	18%
4131	1.8	CDI + 1.27%	689.4	17%
5 th Debenture (2 nd series)	3.6	CDI + 0.79%	354.7	9%
6 th Debenture (unique)	3.5	CDI + 2.50%	1,875.8	47%
7 th Debenture (unique)	3.2	CDI + 1.65%	311.3	8%
Bank Loans	-	CDI+2.07%	3,953.6	100%

Debt amortization schedule
(R\$ million; principal amount)



(1) Excluding IFRS 16 leasing amounts from gross debt; adjusted EBITDA for non-recurring items, accumulated in the last twelve months.

(2) Total loans include short- and long-term issuance and swap spending.



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APPENDIX

INCOME STATEMENT BY BUSINESS UNIT: NEW BREAKDOWN

	Consolidated			Premium			Digital Learning			On-campus		
(R\$ million)	1Q21	1Q22	Δ%	1Q21	1Q22	Δ%	1Q21	1Q22	Δ%	1Q21	1Q22	Δ%
Gross Revenue	2,057	2,454	19%	245	307	25%	559	813	45%	1,253	1,334	6%
Monthly tuition fees	2,057	2,454	19%	245	307	25%	559	813	45%	1,253	1,334	6%
Deductions from Gross Revenue	(975)	(1,261)	29%	(42)	(45)	5%	(269)	(442)	64%	(663)	(774)	17%
Net Operating Revenue	1,082	1,193	10%	202	262	30%	290	371	28%	590	560	-5%
Cost of Services	(457)	(466)	2%	(76)	(96)	27%	(61)	(71)	16%	(320)	(299)	-7%
Personnel	(277)	(268)	-3%	(57)	(72)	27%	(19)	(19)	-1%	(201)	(177)	-12%
Rent, municipal property tax and other	(13)	(11)	-19%	(3)	(3)	-4%	0	(0)	-159%	(11)	(8)	-29%
Third-party services and other	(61)	(77)	26%	(3)	(4)	34%	(37)	(46)	25%	(21)	(27)	28%
Depreciation and amortization	(106)	(110)	5%	(13)	(18)	33%	(5)	(6)	8%	(87)	(87)	0%
Gross Profit	625	727	16%	126	166	31%	230	300	31%	270	261	-3%
Gross margin (%)	58%	61%	3 p.p.	63%	63%	1 p.p.	79%	81%	2 p.p.	46%	47%	1 p.p.
Selling, G&A and Other Expenses	(467)	(507)	9%	(47)	(66)	40%	(135)	(188)	39%	(284)	(253)	-11%
Personnel	(87)	(83)	-4%	(13)	(14)	12%	(29)	(38)	32%	(45)	(31)	-32%
Advertising	(156)	(142)	-9%	(7)	(8)	17%	(49)	(53)	9%	(100)	(80)	-20%
Bad Debt	(95)	(129)	35%	(4)	(10)	151%	(28)	(55)	94%	(63)	(64)	1%
Other Expenses	(86)	(92)	7%	(16)	(22)	34%	(16)	(22)	32%	(53)	(48)	-9%
Other Revenue	6	4	-34%	0	0	83%	2	2	-31%	3	2	-42%
Depreciation and amortization	(49)	(66)	36%	(7)	(12)	64%	(15)	(22)	45%	(26)	(32)	22%
(+) Depreciation and amortization	154	177	14%	21	30	44%	20	28	35%	113	119	5%
EBITDA	313	396	27%	100	130	30%	115	140	22%	98	127	29%
EBITDA margin (%)	29%	33%	19%	50%	50%	0 p.p.	39%	38%	-2 p.p.	17%	23%	6 p.p.
Adjusted Net Revenue ⁽¹⁾	1,089	1,193	10%	210	262	25%	290	371	28%	588	560	-5%
Adjusted EBITDA ⁽¹⁾	324	400	23%	111	130	17%	112	140	25%	101	130	28%
Adjusted EBITDA margin (%)	30%	34%	4 p.p.	53%	50%	-3 p.p.	39%	38%	-1 p.p.	17%	23%	6 p.p.

(1) Revenue: adjusted by laws and court decisions (individual actions) in 1Q21 | EBITDA: Adjusted by non-recurring items, explained in detail on the EBITDA section.

CASH FLOW STATEMENT

(R\$ million)	1Q21	1Q22	Δ%
Adjusted EBITDA ex IFRS 16	239.6	314.2	31.1%
Working capital variation	(28.1)	(29.3)	4.1%
receivables	(41.1)	(81.8)	98.9%
accounts payable	20.7	39.7	91.7%
others	(7.7)	12.8	n.a.
Taxes (IT/SC)	(11.3)	(8.9)	-21.8%
Operating Cash Flow	200.2	276.1	37.9%
Capex	(66.2)	(86.3)	30.2%
Acquisition of property and equipment	(20.8)	(16.6)	-20.4%
Acquisition of intangible assets	(45.4)	(69.7)	53.4%
(=) Free Cash Flow	133.9	189.8	41.7%
Interest ex IFRS 16	(59.8)	(106.6)	78.3%
(=) Shareholder cash flow	74.1	83.2	12.2%
Captation / debt amortization	360.7	(117.7)	n.a.
M&A	(6.7)	(24.3)	261.5%
Dividends paid	(0.0)	-	n.a.
Others	(11.1)	(47.6)	329.5%
(=) Net cash generation	417.0	(106.5)	n.a.
Cash at the beginning of the year	1.633.3	1.814.2	11.1%
Cash at the end of the year	2,050.3	1,707.8	-16.7%
Operating Cash Flow/Adjusted EBITDA ex-IFRS 16	83.5%	87.9%	4.3 p.p.

In 1Q22, the Company's **Operating Cash Flow (OCF)** came to R\$276.1 million in 1Q22 up by 37.9% vs. 1Q21, mainly stemming from EBITDA increase (+31.1% vs. 1Q21), with a **cash conversion rate of 88% (+4 p.p. vs. 1Q21)**.

In 1Q22, net cash generation was negative R\$106.5 million. The main changes are presented below.

- 30.2% increase in Capex, related to investments in digital Transformation and IT, which in 1Q22 already represents 57% of the total capex.
- 261.5% increase in M&A payments.
- Debt from Citibank (R\$233 million), liquidation of 5th Debenture issue (1st series) and the debt with Banco do Brasil, which combined amounted to R\$361 million.
- Buyback of shares (R\$43 million) and others.

(R\$ million)	1Q21	1Q22	Δ%
Net Revenue	1,082.3	1,193.0	10.2%
(-) Taxes	39.5	42.1	6.6%
(+) Bad Debt	(95.4)	(128.7)	34.9%
(+) Financial discounts/ fines	(17.8)	(16.2)	-8.9%
(+) Inflation adjustments DIS/PAR	7.5	8.6	15.6%
(+) FIES Loss	(0.0)	(0.2)	528.0%
Total Generation of accounts receivable	1,016.0	1,098.6	8.1%
Total collection	974.9	1,018.4	4.5%
FIES Net Revenue	89.9	59.3	-34.1%
FIES collection	113.3	68.2	-39.8%
Net revenue ex-FIES	992.4	1,133.7	14.2%
Generation of accounts receivable ex-FIES	926.1	1,039.3	12.2%
Collection ex-FIES	861.6	950.2	10.3%
% Collection/Generation of accounts receivable (ex-FIES)	93.0%	91.4%	-1.6 p.p.

BALANCE SHEET

(R\$ million)	1Q21	4Q21	1Q22
Current Assets	3,068.0	2,973.6	2,872.4
Cash and cash equivalents	1,278.5	905.5	625.4
Securities	771.8	908.8	1,082.4
Accounts receivable	863.1	957.7	971.3
Inventory	1.9	2.4	2.6
Advancements to employees/third parties	16.8	11.0	8.7
Prepaid expenses	23.9	10.1	27.9
Taxes and contributions	86.3	163.7	138.6
Swap differential receivable	13.5	-	-
Other	12.2	14.4	15.6
Non-Current Assets	6,574.7	6,924.2	7,183.0
Long-term assets	882.2	880.4	975.5
LT swap differential receivable	30.4	-	-
LT accounts receivable	254.9	273.6	334.1
LT prepaid expenses	4.9	8.0	7.4
LT Judicial deposits	112.6	100.6	100.1
LT taxes and contributions	131.7	129.1	155.7
LT deferred taxes	335.4	356.1	365.0
Other LT items	12.3	12.9	13.1
Permanent assets	5,692.5	6,043.9	6,207.6
Investments	0.3	0.3	0.3
Property and equipment	2,512.4	2,535.0	2,655.0
Intangible assets	3,179.8	3,508.6	3,552.2
Total Assets	9,642.7	9,897.8	10,055.5

(R\$ million)	1Q21	4Q21	1Q22
Current Liabilities	1,215.8	1,865.9	1,560.2
Loans and financing	278.4	969.0	592.5
Leasing	217.3	221.6	211.8
Suppliers	267.1	183.5	252.3
Swap payable	20.1	3.8	1.7
Salaries and payroll charges	251.4	206.1	247.3
Tax liabilities	69.3	105.6	72.9
Prepaid monthly tuition fees	16.9	76.4	70.2
Advancement of current agreement	4.6	5.0	5.0
Taxes paid in installments	3.5	4.4	4.4
Acquisition price payable	55.3	49.1	50.0
Dividends payable	23.3	37.6	37.6
Other liabilities	8.6	3.8	14.4
Long-term liabilities	5,169.8	4,790.3	5,202.9
LT Loans and financing	3,434.6	3,089.4	3,348.2
Contingencies	248.3	221.5	224.2
LT leasing	1,221.5	1,223.3	1,378.5
LT SWAP differential payable	34.4	-	-
Agreement advances	40.3	36.1	34.9
LT taxes paid in installments	8.8	10.1	9.4
Provision for asset demobilization	74.6	91.0	85.8
LT acquisition price payable	85.9	97.1	99.9
Other LT items	21.4	21.7	21.9
Shareholders' Equity	3,257.1	3,241.6	3,292.4
Capital stock	1,139.9	1,139.9	1,139.9
Share issuance costs	(26.8)	(26.9)	(26.9)
Capital reserves	696.4	702.7	707.9
Earnings reserves	1,465.8	1,586.4	1,586.4
Income for the period	43.2	-	76.0
Additional dividends proposed	118.4	-	-
Treasury Shares	(179.8)	(160.5)	(203.8)
Participation of Non-Controlling Shareholders	-	-	12.8
Total Liabilities and Shareholders' Equity	9,642.7	9,897.8	10,055.5

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