

# ***YDUQS Participações S.A.***

***Parent company and consolidated  
financial statements at  
December 31, 2022  
and independent auditor's report***

## ***Independent auditor's report***

To the Management and Shareholders  
YDUQS Participações S.A.

### **Opinion**

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We have audited the accompanying parent company financial statements of YDUQS Participações S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2022 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of YDUQS Participações S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YDUQS Participações S.A. and of YDUQS Participações S.A. and its subsidiaries as at December 31, 2022, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

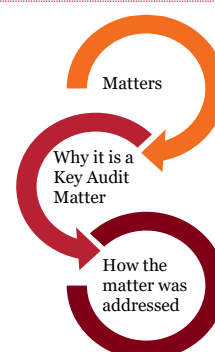
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We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key audit matters**

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in our audit
<p><b>Recognition of revenue from students' monthly tuition fees (Note 23)</b></p> <p>The Company's revenue mainly comprises the provision of higher education services, onsite and online, in regular courses offered on a semi-annual basis by the Company, in addition to extension courses and services arising from subscription plans to specialized courses. Net revenue totaled R\$ 4,564,940 thousand in the year ended December 31, 2022.</p> <p>Revenue is generated by a large volume of transactions with low individual value, which requires a structured internal control environment that is effective throughout the whole year.</p> <p>Considering the significance of revenue to the Company's parent company and consolidated financial statements, in conjunction with the great audit effort on this matter given the nature of the transactions, we consider this a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <p>Understanding and testing the operational effectiveness of the internal control environment related to the process of recognition of students' monthly tuition fees, as well as the technology environment that supports the Company's internal control structure.</p> <p>We tested the integrity of billing data by reprocessing of analytical bases extracted from the academic system and their proper reconciliation with the accounting records.</p> <p>We tested, on a sampling basis, transactions regarding revenues earned throughout the whole year, inspecting contracts signed with students, billing documents, and subsequent receipts. These tests included transactions involving the Student Financing Fund (FIES) and the University for All Program (PROUNI), verifying the actual eligibility and adhesion through student contracts with the proper agencies.</p> <p>In addition, also on a sampling basis, we applied tests on the Company's amounts receivable overdue and falling due, including those arising from agreements, in order to obtain evidence of the actual curricular activities of students, such as attendance reports and performance evaluations conducted, corroborating their actual existence.</p> <p>The results of these procedures are consistent with the information disclosed in the financial statements.</p>
<p><b>Estimates adopted for measuring the provision for impairment of trade receivables (Notes 2.2(v) and 4)</b></p> <p>The Company and its subsidiaries periodically review their portfolio of trade receivables to estimate the need to recognize a provision for impairment, which, at December 31, 2022, totaled R\$ 684,326 thousand.</p> <p>The provision for impairment of trade receivables is measured based on expected losses for all trade receivables, using a simplified calculation model, including renegotiated debts, expected loss percentage and maturity groupings.</p>	<p>Our audit procedures included, among others, understanding and testing the effectiveness of the internal control environment significant to the process of measurement of the provision for impairment of trade receivables.</p> <p>We assessed the reasonableness of the critical judgments and estimates adopted in the model used by management to determine the recognized provision.</p>

Why it is a Key Audit Matter	How the matter was addressed in our audit
<p>In view of the degree of judgment involved and the critical estimates used in measuring the provision, as well as the impact that its fluctuations may have on the Company's financial statements, we maintained this issue a key audit matter.</p>	<p>We also tested the integrity of the historical basis of receivables used to determine the actual history of losses, and assessed the reasonableness of the expected loss rates estimated by management, by reprocessing the data used by it, by maturity grouping, including the comparison with that actually verified in previous periods.</p> <p>We compared the maturities of the receivables informed in the position of the outstanding receivables, by maturity grouping, at December 31, 2022, with the corresponding supporting documentation.</p> <p>In addition, our audit procedures included discussions with management on the evolution of balances and the consistency of criteria for the current year.</p> <p>We consider that the critical judgments and assumptions adopted by management to measure the provision for impairment of trade receivables are reasonable and the disclosures in the notes to the financial statements are consistent with the data and information obtained.</p>
<p><b>Business combination (Notes 1.5 and 2.9(b))</b></p> <p>On March 11, 2022, the Company acquired, through its subsidiary Damásio Educacional Ltda., 51% of quotas representing the capital of Wemed Serviços e Cursos Preparatórios para Concursos S.A. ("Hardwork"), a company specialized in preparing for residency exam, specialist title and revalidation of diplomas.</p> <p>The application of the acquisition method requires, among other procedures, that the Company determine the fair value of the consideration transferred, the fair value of the acquired assets and liabilities assumed, and the determination of goodwill based on expected future profitability.</p> <p>Due to the high degree of judgment and complexity involved in this subject, in addition to the use of critical assumptions in the measurement of the fair value of the identifiable net assets acquired, including brand, software and content, we consider this issue a key audit matter.</p>	<p>Our main audit procedures included, among others, the understanding of the internal control environment significant to the process of acquisition of subsidiaries.</p> <p>We read the purchase and sale contract of the acquiree, as well as the purchase price allocation report used to determine the fair value of the investee, prepared by the external appraiser contracted by the Company.</p> <p>With the support of our corporate finance specialists, we assessed the reasonableness of the methodology and significant assumptions included in the model prepared by the external appraiser, comparing them with available historical information and observable market data. We also tested the logical and arithmetic consistency of the model prepared.</p> <p>Our procedures included the assessment of the technical competence, skills and objectivity of the external appraiser contracted by the Company to assess the fair value of the identifiable net assets acquired.</p> <p>We consider that the critical judgments and assumptions adopted by management in the</p>

Why it is a Key Audit Matter	How the matter was addressed in our audit
	<p>measurement of the fair value of the acquired investee's net assets are reasonable and the disclosures in the notes to the financial statements are consistent with the data and information obtained.</p>
<p><b>Impairment of goodwill from business combination (Notes 2.22(i) and 9 (b))</b></p> <p>The Company presents an asset with indefinite useful life (goodwill) in its consolidated financial statements, whose cost totals R\$ 2,369,527 thousand at December 31, 2022. Assets with indefinite useful life are tested for impairment. These reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment.</p> <p>The process of testing goodwill impairment is complex and involves a high degree of subjectivity by management, since it is carried out based on projections of expected cash flows of each Cash Generating Unit (CGU) to which the balances relate. These projections consider assumptions in each CGU, such as estimates of average budgeted gross margin, weighted average growth rate, used to extrapolate cash flows after the budgeted period and discount rate.</p> <p>The use of a different set of assumptions could significantly change the recoverable amounts calculated by the Company. For this reason, as well as the significance of the amounts involved and the subjectivity of the judgments adopted, these matter remains as an area of focus in our audit.</p>	

measurement of the fair value of the acquired investee's net assets are reasonable and the disclosures in the notes to the financial statements are consistent with the data and information obtained.

#### Impairment of goodwill from business combination (Notes 2.22(i) and 9 (b))

The Company presents an asset with indefinite useful life (goodwill) in its consolidated financial statements, whose cost totals R\$ 2,369,527 thousand at December 31, 2022. Assets with indefinite useful life are tested for impairment. These reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment.

The process of testing goodwill impairment is complex and involves a high degree of subjectivity by management, since it is carried out based on projections of expected cash flows of each Cash Generating Unit (CGU) to which the balances relate. These projections consider assumptions in each CGU, such as estimates of average budgeted gross margin, weighted average growth rate, used to extrapolate cash flows after the budgeted period and discount rate.

The use of a different set of assumptions could significantly change the recoverable amounts calculated by the Company. For this reason, as well as the significance of the amounts involved and the subjectivity of the judgments adopted, these matter remains as an area of focus in our audit.

Our audit procedures included, among others, understanding the internal control environment over the processes used to measure the recoverable amount of goodwill based on expected future profitability.

We assessed the reasonableness of management's main operating, financial and economic assumptions, the logical and arithmetical consistency of the projections and involved our specialists in corporate finance in the review of the discounted cash flow models and significant calculation assumptions, including the respective sensitivity analyses.

In addition, we read the disclosures made in the accompanying notes. Our audit procedures indicated that the judgments and assumptions used by management in the measurement of the recoverable amount of assets are consistent with the data and information analyzed in our audit.

## Other matters

### Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

## **Other information accompanying the parent company and consolidated financial statements and the auditor's report**

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The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the parent company and consolidated financial statements**

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Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

## **Auditor's responsibilities for the audit of the parent company and consolidated financial statements**

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Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 15, 2023

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

Patricio Marques Roche  
Accountant CRC 1RJ081115/O-4

## YDUQS Participações S.A.

### Statements of financial position as of December 31 In thousands of Brazilian reais

	Parent company		Consolidated			Parent company		Consolidated	
Assets	2022	2021	2022	2021	Liability and equity	2022	2021	2022	2021
Current					Current				
Cash and cash equivalents (Note 3)	2,265	485,239	401,050	905,461	Suppliers	1,472	2,927	227,561	183,529
Securities (Note 3)	338	82,254	384,781	908,779	Loans and financing (Note 11)	279,726	972,835	279,726	972,835
Trade receivables (Note 4)			1,055,886	957,746	Leases (Note 12)			232,020	221,562
Related Parties (Note 5)	18	140			Salaries and social charges (Note 13)	313	741	137,832	206,131
Prepaid expenses (Note 6)	879	641	19,394	10,140	Tax obligations (Note 14)	1,492	14,894	69,429	105,554
Taxes and contributions recoverable (Note 7)	64,226	66,182	216,378	163,664	Prepaid monthly fees			76,658	76,434
Dividends receivables	219,612				Tax payment in installments (Note 15)			4,450	4,407
Others			22,972	27,770	Related parties (Note 5)	63	190		
					Dividends payable (Note 18)	58	37,596	58	37,596
					Acquisition price payable (Note 16)			67,292	49,096
					Others	4,930	4,722	12,585	8,795
	287,338	634,456	2,100,461	2,973,560		288,054	1,033,905	1,107,611	1,865,939
Non-current					Non-current				
Non-current receivables					Long-term liabilities				
Trade receivables (Note 4)			153,046	273,632	Loans and financing (Note 11)	3,249,702	3,089,359	3,249,702	3,089,359
Prepaid expenses (Note 6)	90	2	6,572	8,044	Leases (Note 12)			1,279,049	1,223,319
Legal deposits (Note 17)	312	247	89,111	100,619	Contingencies (Note 17)		448	220,419	221,474
Deferred taxes (Note 29)	1,189	1,145	398,086	356,104	Tax payment in installments (Note 15)			7,521	10,100
Taxes and contributions recoverable (Note 7)	36,703	22,264	141,626	129,062	Provision for assets retirement			92,685	91,017
Others			12,697	12,905	Acquisition price payable (Note 16)			44,188	97,134
					Financial liabilities - options			55,917	
					Others	18,065	21,392	32,056	57,869
	38,294	23,658	801,138	880,366		3,267,767	3,111,199	4,981,537	4,790,272
Investments					Equity (Note 18)				
In subsidiaries (Note 8)	5,396,371	5,948,507			Share capital	1,139,887	1,139,887	1,139,887	1,139,887
Others			338	338	Expenditure on issuing shares	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,065	780,065	3,633,048	3,508,563	Capital reserves	715,981	702,655	715,981	702,655
Property, plant and equipment (Note 10)		2	2,514,222	2,534,968	Retained earnings	1,528,128	1,586,372	1,528,128	1,586,372
	6,176,436	6,728,574	6,147,608	6,043,869	Treasury shares	(354,980)	(160,478)	(354,980)	(160,478)
					Equity Valuation Adjustment	(55,917)		(55,917)	
						2,946,247	3,241,584	2,946,247	3,241,584
					Equity interest of non-controlling shareholders			13,812	
	6,214,730	6,752,232	6,948,746	6,924,235		2,946,247	3,241,584	2,960,059	3,241,584
Total assets	6,502,068	7,386,688	9,049,207	9,897,795	Total liabilities and equity	6,502,068	7,386,688	9,049,207	9,897,795

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



# YDUQS Participações S.A.

## Statements of income

Fiscal years ended on December 31

In thousands of Brazilian reais, except profit per share

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Continued operations</b>				
Net revenue from activities (Note 23)			4,564,940	4,391,378
Costs of the services provided (Note 24)			(1,982,472)	(2,002,255)
<b>Gross income</b>			2,582,468	2,389,123
<b>Operating revenues (expenses)</b>				
Selling expenses (Note 25)			(951,014)	(894,994)
General and administrative expenses (Note 25)	(16,903)	(23,105)	(1,041,115)	(973,188)
Equity accounting income (Note 8)	494,477	424,947		
Other operating revenues/expenses (Note 26)	2,862	3,021	27,074	25,651
<b>Operating income</b>	480,436	404,863	617,413	546,592
Financial revenues (Note 27)	18,497	119,737	211,504	247,253
Financial expenses (Note 27)	(557,221)	(366,149)	(916,130)	(683,216)
<b>Net financial income</b>	(538,724)	(246,412)	(704,626)	(435,963)
<b>Profit (Loss) before income tax and social security contribution</b>	(58,288)	158,451	(87,213)	110,629
Current and deferred income tax (Note 29)	32	(206)	23,566	35,619
Current and deferred social security contribution (Note 29)	12	(74)	8,203	11,923
<b>Net income (loss) for the fiscal year</b>				
Attributed to shareholders of the parent company	(58,244)	158,171	(58,244)	158,171
Attributed to non-controlling shareholders			2,800	
	(58,244)	158,171	(55,444)	158,171
Net income (loss) per batch of a thousand shares - basic (Note 22)			(0.19782)	0.52423
Net income (loss) per batch of a thousand shares - diluted (Note 22)			(0.19782)	0.52422

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

**YDUQS Participações S.A.****Statements of comprehensive income****Fiscal years ended on December 31****In thousands of Brazilian reais**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net income (loss) for the fiscal year	(58,244)	158,171	(55,444)	158,171
Other comprehensive income				
Total comprehensive income of fiscal year, net of taxes	<u>(58,244)</u>	<u>158,171</u>	<u>(55,444)</u>	<u>158,171</u>
Attributable to:				
Parent company's shareholders	(58,244)	158,171	(58,244)	158,171
Non-controlling shareholders			2,800	
	<u>(58,244)</u>	<u>158,171</u>	<u>(55,444)</u>	<u>158,171</u>

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

## YDUQS Participações S.A.

### Statements of changes in equity In thousands of Brazilian reais

	Capital reserves				Retained earnings			Adjustment of equity	Profit accumulated	Dividend proposed	Equity net Parent company	Equity Interest of non parent companies	Equity Net consolidated
	Capital	Expenditure w/ issue	Goodwill on subscription	Negative Goodwill on disposal	Options	Retention	Shares in						
	social	of shares	of shares	of shares	granted	Legal	of profits	treasury					
<b>As of January 1, 2021</b>	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 21)					135						135		135
Restricted shares granting plan (Note 21)					32,469						32,469		32,469
Negative goodwill on treasury shares sale (Note 18d.3)				(478)				478					
Cancellation of Treasury Shares (Note 21)								(25)			(25)		(25)
Payment of Stock options (Note 21)								1,854			1,854		1,854
Payment of restricted shares granting plan (Note 21)					(16,974)			16,974					
Additional dividend distributed										(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)				
Minimum mandatory dividends (BRL 0.12 per share)									(37,566)		(37,566)		(37,566)
Proposed additional dividend													
<b>As of December 31, 2021</b>	1,139,887	(26,852)	595,464	(12,141)	119,332	191,797	1,394,575	(160,478)			3,241,584		3,241,584
Granted options (Note 21)					26						26		26
Restricted Shares Granting Plan (Note 21)					19,394						19,394		19,394
Cancellation of Treasury Shares (Note 21)								25			25		25
Buy back of shares								(200,653)			(200,653)		(200,653)
Payment of Restricted Shares Granting Plan (Note 18 d.3)					(6,094)			6,094					
Payment of Stock options								32			32		32
Equity Assessment Adjustment (Call option)									(55,917)		(55,917)		(55,917)
Net income (loss) for the fiscal year									(58,244)		(58,244)	2,800	(55,444)
Absorption of losses with reserves							(58,244)		58,244				
Non-controlling interests												11,012	11,012
<b>As of December 31, 2022</b>	1,139,887	(26,852)	595,464	(12,141)	132,658	191,797	1,336,331	(354,980)	(55,917)		2,946,247	13,812	2,960,059

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

**YDUQS Participações S.A.**  
**Statements of cash flows**  
**Fiscal years ended on December 31**  
**In thousands of Brazilian reais**

	Parent company		Consolidated	
	2022	2021	2022	2021
<b>Cash flow from operating activities</b>				
Profit (Loss) before income tax and social security contribution	(58,288)	158,451	(87,213)	110,629
<b>Adjustments of profit (loss):</b>				
Depreciation and amortization	2	34	708,542	679,012
Amortization of loan funding costs	4,447	9,032	4,447	9,032
Allowance for doubtful accounts			603,721	513,912
Provision for loss - Other trade receivables			5,469	2,599
Granted options – Stock options provision	578	1,279	20,813	39,076
Provision for contingencies	(447)	199	115,156	99,967
Interest on loans and financing	549,339	237,672	549,339	237,672
Interest on leases			143,377	124,239
Adjustment of assets retirement obligation			7,579	8,558
Adjustment of commitments payable			17,881	6,287
(Gain) Loss on disposal of property, plant and equipment and intangible assets			981	(4,237)
Equity accounting method	(494,477)	(424,947)		
Adjustments to present value – trade receivables			8,247	7,093
Adjustment of tax credits	(6,842)	(763)	(14,875)	(2,698)
Others	(6,023)	(17,017)	(36,803)	(75,553)
	<b>(11,711)</b>	<b>(36,060)</b>	<b>2,046,661</b>	<b>1,755,588</b>
<b>Variations in assets and liabilities:</b>				
(Increase) in trade receivables			(585,950)	(624,653)
(Increase) Decrease in prepaid expenses	(326)	(642)	(7,782)	(5,783)
(Increase) Decrease in Taxes and contributions recoverable	19,994	(16,873)	(8,260)	(42,976)
(Increase) in Legal deposits	(65)	(15)	11,508	2,069
(Increase) Decrease in other assets		(15)	595	5,849
Increase (Decrease) in suppliers	(263)	311	32,282	(19,601)
Increase (Decrease) in payroll and social charges	(585)	68	(69,759)	(4,655)
Increase (Decrease) in tax obligations	(13,402)	(6,796)	(30,207)	36,338
Increase (Decrease) in monthly fees received in advance			(1,354)	(1,953)
(Decrease) in Tax installment payment			(3,327)	1,513
(Decrease) in Civil / labor / tax awards	(1)	(51)	(116,211)	(125,335)
Increase in Provision for assets retirement obligations			(5,911)	(7,171)
Increase (Decrease) in other liabilities	222	(715)	(16,988)	(5,265)
	<b>(6,137)</b>	<b>(60,788)</b>	<b>1,245,297</b>	<b>963,965</b>
Interest paid on loans	(506,226)	(209,594)	(506,226)	(209,594)
IRPJ (Income Tax) and CSLL (Social Contribution on Net Income) Paid			(22,206)	(46,902)
<b>Net cash provided by (used in) operating activities</b>	<b>(512,363)</b>	<b>(270,382)</b>	<b>716,865</b>	<b>707,469</b>
<b>Cash flow from investment activities:</b>				
Acquisition of property, plant and equipment			(145,761)	(218,208)
Acquisition of Intangible assets			(345,893)	(325,377)
Dividends Received	868,399			
Acquisition of subsidiaries, net of cash obtained			(25,757)	(191,260)
Advance for future capital increase	(103,949)	(177,208)		
Investment on securities	81,916	49,270	523,998	(200,844)
Acquisition price payable			(61,008)	(6,819)
<b>Net cash provided by (used in) investment activities.</b>	<b>846,366</b>	<b>(127,938)</b>	<b>(54,422)</b>	<b>(942,508)</b>
<b>Cash flow from financing activities:</b>				
Acquisition of treasury shares	(200,620)		(200,620)	
Use of treasury shares derived from the exercise of stock options	25	1,828	25	1,828
Dividends paid	(37,557)	(141,748)	(37,557)	(141,748)
Debt issuance value	500,000	2,150,000	500,000	2,150,000
Value received from Loans and financing	233,156	483,680	233,156	483,680
Loan funding costs	(3,298)	(14,289)	(3,298)	(14,289)
Amortization of loans and financing	(1,308,683)	(1,930,039)	(1,308,683)	(1,930,039)
Lease amortization			(349,877)	(334,273)
<b>Net cash provided by (used in) financing activities</b>	<b>(816,977)</b>	<b>549,432</b>	<b>(1,166,854)</b>	<b>215,159</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(482,974)</b>	<b>151,112</b>	<b>(504,411)</b>	<b>(19,880)</b>
Cash and cash equivalents at the beginning of the fiscal year	485,239	334,127	905,461	925,341
Cash and cash equivalents at the end of the fiscal year	2,265	485,239	401,050	905,461
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(482,974)</b>	<b>151,112</b>	<b>(504,411)</b>	<b>(19,880)</b>

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

**YDUQS Participações S.A.**
**Statements of value added**  
**Fiscal years ended on December 31**  
**In thousands of Brazilian reais**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>				
Educational services			4,734,567	4,549,442
Other revenues			3,392	3,398
Impairment loss on trade receivables			(603,721)	(513,912)
			<u>4,134,238</u>	<u>4,038,928</u>
<b>Inputs acquired from third parties</b>				
Materials, electric power, and others	(8,165)	(12,810)	(376,209)	(398,688)
Third parties' services	(3,536)	(3,959)	(444,013)	(317,363)
Advertising			(257,724)	(282,873)
Contingencies	284	(116)	(76,466)	(59,875)
	<u>(11,417)</u>	<u>(16,885)</u>	<u>(1,154,412)</u>	<u>(1,058,799)</u>
<b>Gross value added</b>	<u>(11,417)</u>	<u>(16,885)</u>	<u>2,979,826</u>	<u>2,980,129</u>
Depreciation and amortization	(2)	(34)	(708,542)	(679,012)
	<u>(11,419)</u>	<u>(16,919)</u>	<u>2,271,284</u>	<u>2,301,117</u>
<b>Value added received from transfer</b>				
Equity accounting method income	494,477	424,947		
Financial revenue	35,896	135,163	240,728	269,075
Others	3,170	3,328	50,096	27,115
	<u>533,543</u>	<u>563,438</u>	<u>290,824</u>	<u>296,190</u>
<b>Total value added to be distributed</b>	<u>522,124</u>	<u>546,519</u>	<u>2,562,108</u>	<u>2,597,307</u>
<b>Distribution of value added</b>				
Work compensation				
Direct compensation	4,410	5,246	1,104,042	1,165,052
Benefits			88,234	75,595
Government Severance Indemnity Fund for Employees (FGTS)			75,168	76,038
	<u>4,410</u>	<u>5,246</u>	<u>1,267,444</u>	<u>1,316,685</u>
Taxes, fees, and contributions				
Federal	21,300	16,985	235,418	230,336
Municipal			178,123	175,659
	<u>21,300</u>	<u>16,985</u>	<u>413,541</u>	<u>405,995</u>
Compensation of third-party capital				
Interest	554,658	366,117	910,621	682,116
Rents			25,946	34,340
	<u>554,658</u>	<u>366,117</u>	<u>936,567</u>	<u>716,456</u>
Compensation on equity				
Retained earnings (loss for the fiscal year)	(58,244)	158,171	(55,444)	158,171
	<u>(58,244)</u>	<u>158,171</u>	<u>(55,444)</u>	<u>158,171</u>
<b>Value added distributed</b>	<u>522,124</u>	<u>546,519</u>	<u>2,562,108</u>	<u>2,597,307</u>

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

**Management notes to the financial statements****as of December 31, 2022****In thousands of Brazilian reais, except when otherwise indicated****1 General information****1.1 Operating context**

YDUQS Participações S.A. ("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 interest, as partner or shareholder, in other partnerships and companies in Brazil.

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

The Group has 36 companies, including YDUQS Participações S.A., 29 of which are sponsors of a higher education institution, organized as limited liability business companies, and comprises a University, 23 University Centers, and forty-six (46) Colleges, accredited and distributed in twenty-five (25) states in Brazil and in the Federal District.

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

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

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

The Company's Board of Directors authorized the publication of these financial statements (parent company and consolidated) at a meeting held on March 14, 2023.

**1.2 Basis for preparation**

The financial statements (parent company and consolidated) have been prepared in accordance with accounting policies adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the Accounting Standards Board (IASB), and evidence all material information of the financial statements (parent and consolidated), and that alone, which is consistent with that used by Management.

The significant accounting policies applied in preparing these financial statements (parent company and consolidated) are presented in Note 2.

The preparation of financial statements demands the use of certain critical accounting estimates and judgment of the Company's management in the process for application of the Group's accounting policies. The areas that require a higher level of judgment and that are more complex, as well as the areas where assumptions and estimates are of significance for the financial statements include: impairment loss on trade receivables, goodwill impairment, share-based payment transactions, provision for tax, civil and labor risks, and useful life of assets (Note 2.22).

**Management notes to the financial statements**

**as of December 31, 2022**

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

### 1.3 Changes in accounting policies and disclosures

#### New standards effective from 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 values 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.

**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 a contract is onerous, the contract performance cost includes the incremental costs of performing that contract and an allocation of other costs that directly relate to the performance of the contract.

**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 with the newer one.

- **Annual improvements - 2018-2020 cycle**: in May 2020, the IASB issued the following amendments as part of the annual improvement process:
  - (i) **IFRS 9 - "Financial Instruments"** - clarifies which rates should be included in the 10% test for writing off financial liabilities.
  - (ii) **IFRS 16 - "Leases"** - the 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 standards or IFRIC interpretations that came into force don't have a significant impact on the Group's financial statements.

#### New standards not yet in force in 2022

IASB issued the following standards changes, but they are not yet in force for the fiscal year of 2022. The early adoption of the standards, although it is encouraged by IASB, is not permitted in Brazil by the Accounting Pronouncement Committee (CPC).

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

Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that contain restrictive contractual clauses requiring the achievement of ratios under covenants only after the balance sheet date, do not affect the classification as current or non-current. Only covenants that the entity is

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required to comply with by the balance sheet date affect the classification of the liability, even if the measurement only takes place after that date.

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

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

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

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

#### 1.4 Consolidation

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

The consolidated financial statements include the operations of the Company and of the following subsidiaries on December 31, 2022 and 2021:

Direct:	Equity Interest (%)
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100%
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	100%
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	100%
Ensine.me Serviços Educacionais Ltda. ("EnsineMe")	100%
União dos Cursos Superiores SEB Ltda. ("Estácio Ribeirão Preto")	100%
Indirect:	
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	100%
União Luís Educacional S.A ("UNISÃO LUIS")	100%
Sociedade Educacional da Amazônia ("SEAMA")	100%



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Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	100%
Associação de Ensino de Santa Catarina ("ASSESC")	100%
Instituto de Estudos Superiores da Amazônia ("IESAM")	100%
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	100%
Centro de Ensino Unificado de Teresina ("CEUT")	100%
Faculdade Nossa Cidade ("FNC")	100%
Faculdades Integradas de Castanhal Ltda. ("FCAT")	100%
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	100%
Sociedade de Ensino Superior Toledo Ltda. ("Unitoledo")	100%
Damásio Educacional Ltda. ("DAMÁSIO")	100%
YDUQS Educacional Ltda. ("UNIFANOR")	100%
Athenas Serviços Administrativos Ltda.	100%
Centro de Educação de Rolim De Moura Ltda. ("FSP")	100%
Centro de Educação do Pantanal Ltda. ("FAPAN")	100%
Pimenta Bueno Serviços Educacionais Ltda. ("FAP")	100%
União Educacional Meta Ltda. ("META")	100%
UNIJIPA – União Das Escolas Superiores de Ji-Paraná Ltda. ("UNIJIPA")	100%
QCX Serviços Educacionais Ltda. ("Qconcursos") (i)	100%
Wemed Educação Médica S.A. ("Hardwork") (ii)	51%

(i) As mentioned in NE 1.5, for this company the acquisition took place on July 1, 2021.

(ii) As mentioned in NE 1.5, for this company the acquisition took place on March 11, 2022.

The period covered by the financial statements of the subsidiaries included in the consolidation is the same as for the parent company and uniform accounting policies were applied in all consolidated companies, and are consistent with those used in the previous fiscal year.

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

## 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 contract, when applicable. Acquisition-related costs are recorded in the income statement of the fiscal year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair values on the acquisition date.

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

The acquisition made in 2022 is summarized below:

### **WEMED Educação Médica Ltda. ("Hardwork")**

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

Structure of purchase price:

- (i) The contract establishes that the acquisition price of the 51% equity interest is in the total value of BRL 52 million, of which BRL 23 million will be paid in cash, and BRL 20 million as investment contribution (of which BRL 10 million have been paid in upon the acquisition and BRL 10 million shall be paid in 12 months) and BRL 9 million payable in a single installment in the first anniversary of the closing date.

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- (ii) In addition to the acquisition price, the parties recognize that the sellers will be entitled to receive an additional, conditioned and uncertain value corresponding to up to BRL 10 million, according to the contractual conditions until the fiscal year ended on December 31, 2023.
- (iii) In addition, the contract, signed between the parties, includes a call and put option for the subscribed shares in their entirety and not less than the totality of the shares. The subject matter of the option will be determined in accordance with the calculation methodology established by mutual agreement.

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

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

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

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

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

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

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

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

Financial Liabilities - Option	55.917
Equity Valuation Adjustment	(55,917)

Acquisition made in 2021 is summarized below:

**QCX Serviços Educacionais (Qconcursos)**

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

The total value of the transaction was BRL 208 million, with payment of BRL 176.8 million on July 01, 2021, and the balance payable in five equal annual installments, the first installment on the first anniversary of the closing date.

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

	<b>Qconcursos</b>
<b>Assets</b>	
Cash and cash equivalents	21,156
Customers trade receivables	23,419
Taxes and contributions	1,725
Intangible assets	4,252
Property, plant and equipment	645
Other assets	340
	<b>51,537</b>
<b>Liability</b>	
<b>Current</b>	<b>45,665</b>
Suppliers	8,998
Labor obligations	2,157
Tax obligations	2,582
Prepaid monthly fees	31,928
<b>Non-current</b>	<b>2,247</b>
Prepaid monthly fees	2,247
	<b>47,912</b>
Net assets acquired	3,625
Surplus - Identifiable assets at fair value (i)	37,588
Goodwill	165,667
<b>Total consideration</b>	<b>206,880</b>
<b>Cash flow at the time of acquisition</b>	
Cash	176,800
Discounted payment in installments (i)	30,080
<b>Net cash flow on acquisition</b>	<b>206,880</b>

- (i) Intangible assets at fair value comprised the values acquired by Qconcursos, plus the effects of the allocation of business combinations:

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Main intangible assets identified	Expected life in years	Value
Brand	12	18,443
Software	5	9,660
Contents	3	9,484

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

## 2 Summary of significant accounting policies

The significant accounting policies adopted in preparing these financial statements are described below. These policies were consistently applied in the fiscal years presented, unless otherwise stated.

### 2.1 Consolidation

The following are the accounting policies adopted in preparing the consolidated financial statements.

#### Subsidiaries

Subsidiaries are all entities (including structured entities) in which the Group has control. The subsidiaries are fully consolidated as from the date the control is transferred to the Group. The consolidation is interrupted from the date on which the Group ceases to have control.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are initially measured at fair values on the acquisition date. Acquisition-related costs are recorded in the income statement of the fiscal year as incurred.

Transactions, balances and unrealized gains on transactions between Group's entities are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The subsidiaries' accounting policies are changed as needed to assure consistency with the policies adopted by the Group.

### 2.2 Financial instruments

#### Financial assets

##### Initial recognition and measurement

Financial assets are classified, in the initial recognition, as subsequently measured at the amortized cost, at fair value through other comprehensive income and the fair value through profit or loss.

The classification of the financial assets in the initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the business model of the Company for the management of such financial assets. All financial assets are recognized at fair value, plus, in the case of financial assets not recorded at fair value through profit or loss, the transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For the purposes of subsequent measurement, the financial assets are classified in four categories:

- Financial assets at amortized cost;
- Financial assets at fair value through other comprehensive incomes with reclassification of accumulated profits and losses;
- Financial assets designated at fair value through other comprehensive income, without reclassification of accumulated profit and losses at the moment of its de-recognition (equity instruments); and
- Financial assets at the fair value through profit or loss.

##### Financial assets at amortized cost

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The Company measures financial assets at amortized cost if both conditions below are met:

- The financial asset was maintained in the business model, intended to maintain financial assets for purposes of receiving contractual cash flows; and
- The contractual terms of the financial asset must originate, on specific dates, cash flows that consist exclusively of payments of principal and interest on the value of the outstanding principal value.

The financial assets at amortized costs are subsequently measured through the actual interest method and are subject to impairment. Gains and losses are recognized in income when the asset is written off, modified or shows impairment.

The Company's financial assets at amortized cost include cash and cash equivalents, customers trade receivables and legal deposits.

Financial assets at fair value through other comprehensive income  
(Debt instruments)

The Company values debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset was maintained in the business model, intended to maintain financial assets for purposes of receiving contractual cash flows; and
- The contractual terms of the financial asset must originate, on specific dates, cash flows that consist exclusively of payments of principal and interest on the value of the outstanding principal value.

For debt instruments at fair value through other comprehensive income, interest revenue, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and calculated in the same way as for financial assets measured at amortized cost. Remaining changes in fair value are recognized in other comprehensive income. Upon de-recognition, the cumulative change in fair value recognized in other comprehensive income is reclassified to income.

The Company does not have financial assets (debt instruments) at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income  
(Equity instruments)

Upon initial recognition, the Company may irrevocably choose to classify its equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under CPC 39 - Financial Instruments: Filing and are not held for trading. The classification is determined by considering each instrument specifically.

Gains and losses on these financial assets are never reclassified to income. Equity instruments designated at fair value through other comprehensive income are not subject to the impairment test.

The Company does not have financial assets (equity instruments) at fair value through other comprehensive income.

Financial assets at the fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated on initial recognition at fair value through profit or loss or financial assets to be mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the short term.

Financial assets with cash flows other than payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model.

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Financial assets at fair value through profit or loss are presented in the balance sheet by the fair value, with the net variations of the fair value recognized in the statement of profit or loss.

The Company's financial assets classified at fair value through profit or loss include securities.

De-recognition (write-off)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is written off mainly (that is, excluded from the income for the fiscal year) when: the rights to receive cash flows from the asset expires; the Company transferred its rights to receive cash flows from the asset or undertook an obligation to pay cash flows received without delay to a third party under a transfer agreement; and (a) the Company transferred substantially all the risks and benefits related to the asset, or (b) the Company did not transfer nor retain substantially all the risks and benefits relating to the asset but transferred control over the asset.

Impairment of financial assets

Credit exposures for which there has been no significant increase in credit risk since initial recognition are provisioned as a result of possible default events in the next 12 months (12-month expected credit loss). For credit exposures for which there has been a significant increase in credit risk since initial recognition, an allowance for expected credit losses over the remaining life of the exposure is required, regardless of the time of default (a lifetime expected credit loss).

For trade receivables, given the short-term nature of the Company's receivables and its credit risk policy used, the Company did not identify anything additional with a material impact that could affect its consolidated financial statements.

This methodology is applicable to financial instruments classified as amortized cost or fair value through other comprehensive income (with the exception of investments in equity instruments).

For other financial assets subject to impairment analysis, no expected loss was recognized for the fiscal year ended December 31, 2022, as according to the Company's assessment, in addition to the associated risk being low, there is no history of losses.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss, loans and receivables or trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value and, in the case of loans and financing and trade payables, are added with the directly related transaction costs.

The Company's financial liabilities include trade payables, debentures and loans and financing.

Subsequent measurement

After the initial recognition, loans and financing subject to interest are subsequently measured by the amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss at the time when the liabilities are written-off, and also during the amortization process by the effective interest rate method.

De-recognition (write-off)

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A financial liability is written off when the obligation is revoked, cancelled or expires. When an existing financial liability is replaced for another at the same lender under terms and conditions substantially different, or the terms of an existing liability are significantly changed, such replacement or change is recognized as de-recognition of the original liability and recognition of a new liability, and the difference in the related carrying values is recognized in the statement of profit or loss.

### **2.3 Cash and cash equivalents**

Cash and cash equivalents include cash, bank accounts and other highly liquid short-term investments, with original maturities not exceeding three months and with low risk of changes in value, which are held to meet the Company's short-term commitments.

### **2.4. Bonds and Securities**

Securities have the features of financial assets measured at fair value through profit or loss, long-term maturity, immediate liquidity and are recorded added with financial yield (income), corresponding to their fair value.

### **2.5 Trade receivables and advance monthly tuitions**

Trade receivables arise from the service provision of teaching activities and do not include amounts for services provided after the dates of the statements of financial position. Unearned services billed on the dates of the statements of financial position are recorded as unearned monthly tuition fees and recognized in the respective income of the fiscal year, on accrual basis.

Customers' trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method, less allowance for expected credit losses ("PCE" or impairment).

### **2.6 Expected credit losses**

This allowance appears as a deduction from trade receivables, and is set up in an amount considered by Management to be sufficient to meet any expected losses in collecting monthly tuitions and checks receivable, taking into account the risks involved.

### **2.7 Investments in subsidiaries**

Investments in subsidiaries are evaluated by the equity accounting method. In the individual financial statements, the goodwill for expected future profitability - goodwill and the surplus on assets identifiable at fair value are presented in the investment.

### **2.8 Property, plant and equipment**

Property, plant and equipment are measured at acquisition or construction cost, less accumulated depreciation.

Depreciation is calculated on a straight-line method at the rates mentioned in Note 10, and considers the estimated economic useful life of the assets

Subsequent expenditure to initial recognition are incorporated into the residual value of the property, plant and equipment or recognized as a specific item, as appropriate, only if the economic benefits associated with such item are likely and the values can be measured reliably. The residual balance of the replaced item is written-off. Other repairs and maintenance are recognized directly in income when incurred.

The property, plant and equipment items are written off when sold, or when no future economic benefit is anticipated from their use or sale. Any gains or losses resulting from the write-off of an asset (calculated as being the difference between the net sales proceeds and the residual value of the asset) are recognized in the statement of profit or loss for the fiscal year in which the asset is written-off.

The residual values and useful lives of the assets are reviewed and adjusted, if necessary, at the end of each

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fiscal year.

## **2.9 Intangible Assets**

### **(a) Goodwill**

Goodwill is represented by the surplus remaining after the allocation of the value paid to all identified tangible and intangible assets and liabilities of the acquired subsidiary. In the case of a negative goodwill calculation, the amount is recorded as a gain in the income for the fiscal year, on the acquisition date. Goodwill is subject to annual impairment test.

Goodwill is recorded at cost less accumulated impairment losses. Recognized impairment losses on goodwill are not reversed. Gains and losses on the disposition of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash Generating Units (CGUs) for impairment test purposes. The allocation is made to the Cash Generating Units, represented by each acquired institution, that are expected to benefit from the business combination from which the goodwill originated.

### **(b) Business Combination**

#### **(b.1) Student portfolio**

The contractual relations with students, acquired in a business combination, are recognized at the fair value on the acquisition date. Contractual relationships have a finite useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the student relationship.

#### **(b.2) Brand**

The trademark represents an intangible asset with a finite life, as it is an identifiable, measurable non-monetary asset with no physical substance. It is calculated using the average rate for education companies obtained from Royalty Source and Royaltystat. Determination of the useful lives of the trademarks considers the (Income approach -Relief from Royalty) methodology, whose calculation is based on the royalty rate on the projected net revenue, or the methodology of representation of the relevance of 80% or 90% of the projected cash flow generation from the intangible assets.

#### **(b.3) Transaction License**

The fair value of the existing transaction license is determined based on the cost approach. The value is derived from the current expenses to acquire same, which include: MEC fees, preparation of PDI (Institutional Development Plan) and PPC (Pedagogical Course Project), rent before the start of the activity and various costs with teachers for visits, travel, meals, transport, etc. Amortization is calculated based on the accreditation period of educational institutions, which is held every three years.

#### **(b.4) Surplus value of assets (Goodwill)**

Determined by the difference between the sum of the fair value of the identifiable net assets (determined based on CPC 15 – Business combination) and the carrying amount of the acquired asset.

### **(c) Software**

Software licenses are capitalized based on costs incurred in acquiring the software plus the costs of making it ready for use. These costs are amortized during the estimated useful life of the software.

The costs associated with software maintenance are recognized as expenses as incurred. Development costs that are directly attributable to the project and to the testing of identifiable and unique software products, controlled



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by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software, so that it is available for use.
- Management intends to complete the software and use or sell it.
- The software may be sold or used.
- It can be demonstrated that the software is likely to generate future economic benefits.
- Adequate technical, financial, and other resources are available to complete the development and to use or sell the software.
- The expense attributable to software during its development can be measured reliably.

The directly attributable costs, which are capitalized as part of the software product, include costs with employees allocated to software development and an appropriate portion of the applicable indirect expenses.

Other development expenses not meeting these criteria are recognized as expenses, as incurred. Development costs previously recognized as expense are not recognized as asset in a subsequent period.

Software development costs recognized as assets are amortized over their estimated useful life, not exceeding five years.

## **2.10 Impairment of non-financial assets**

Assets with an indefinite useful life, as goodwill, are not amortized, but are tested annually for impairment. The goodwill impairment reviews are made annually or more frequently if the events or changes in the circumstances indicate a possible impairment.

Assets which are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable value, which is the greater of its fair value, less its selling costs and its value in use.

For impairment assessing, assets are grouped at the lowest level for which there are separately identifiable cash flows (Cash Generating Units or CGU). For the purpose of this test, the goodwill is allocated to the Cash Generating Units, represented by each acquired institution, that are expected to benefit from the business combination from which the goodwill originated.

Non-financial assets, other than goodwill, that have been adjusted for impairment, are reviewed subsequently to analyze the possibility of reversing the impairment loss on reporting date. Goodwill impairment recognized in income for the fiscal year is not reversed.

In the estimate of the value-in-use of the asset, the estimated future cash flows are discounted to their present value, using a discount rate, before taxes, that reflects the weighted average cost of capital for the industry in which the cash generating unit operates. The net selling value is determined, whenever possible, based on a firm selling contract in a transaction at arm's length bases, between knowledgeable and interested parties, adjusted by expenses attributable to the sale of the asset, or when there is no firm selling contract, based on the market price of an active market, or on the price of the most recent transaction with similar assets.

## **2.11 Lease**

The Group owns several commercial properties leased for its administrative area and teaching units. Lease terms are individually negotiated and contain a wide range of different terms and conditions. Leasing contracts do not contain restrictive clauses, however, the leased assets cannot be used as collateral for loans.

Assets and liabilities arising from a lease are initially measured at present value, with lease payments discounted

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using the interest rate implicit in the leases.

## **2.12 Loans and financing**

The loans are initially recognized by the fair value, net of costs incurred in the transactions and are subsequently stated at the amortized cost. Any difference between the values raised (net of transaction costs) and the total value payable is recognized in the statement of profit or loss during the period in which the loans are outstanding, using the effective interest method.

Loans are classified as current liability, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## **2.13 Distribution of dividends and interest on equity**

The distribution of dividends and interest on equity to the Company's shareholders is recognized as a liability in the Company's financial statements at the end of the fiscal year, based on its bylaws. Any value above the mandatory minimum is only provisioned as at the date it is approved by the shareholders at the General Meeting.

## **2.14 Provision for assets retirement**

Represents the estimate of future expenses for the restoration of leased buildings in which the Group's teaching units are located. They are recognized in property, plant and equipment at their present value, measured at fair value, as part of the value of the assets that gave rise to them, provided that there is a legal obligation and their value can be estimated on a reliable basis, with the corresponding entry being the registry of a provision in the Company's liabilities. Interest incurred on updating the provision is classified as financial expenses. Retirement estimates reviewed annually are depreciated/amortized on the same basis as main assets.

## **2.15 Provisions**

Provisions for lawsuits (labor, civil and tax) are recognized when: (i) the Group has a present or constructive obligation as a result of events already occurred; (ii) it is probable that an outflow of funds will be required to settle the obligation; and (iii) the value can be safely estimated.

When there are a number of similar obligations, the probability of settling them is determined by taking into account the class of obligations as a whole. A provision is recognized even if the probability of settlement related to any individual item included in the same class of obligations is small.

Provisions are measured at the present value of the expenses that must be required to settle the obligation, using a pre-tax rate, which reflects current market evaluations of the value of money in time and the specific risks of the obligation. The increase in the obligation as a result of the passage of time is recognized as a financial expense.

## **2.16 Tax Levy**

Subsidiaries that have joined the PROUNI are exempt from the following federal taxes for as long as they are members:

- IRPJ and CSLL, introduced by Law No. 7.689 of December 15, 1988;
- COFINS, introduced by Supplementary Law No. 70 of December 31, 1991; and
- PIS, introduced by Supplementary Law No. 7 of September 7, 1970.

The above-mentioned exemptions are originally calculated on the value of revenues received as a result of providing higher education services, including undergraduate courses and specific-training associate degrees.

Yduqs Participações S.A. (Parent company) does not enjoy the exemptions arising from PROUNI and normally calculates federal taxes.

## **Current income tax and social security contribution**

Current income tax and social security contribution were calculated considering the criteria established by the

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Federal Revenue Service Ruling, specifically PROUNI, which allow that taxes calculated on the profit from traditional and technological graduation activities are not paid to the public treasury.

**PIS and COFINS**

The PROUNI rules define that revenues from traditional and technological graduation activities are exempt from PIS and COFINS payment. For revenues from other teaching activities, PIS and COFINS are levied at the rates of 0.65% and 3.00%, respectively, and for activities not related to teaching, PIS is levied at the rate of 1.65% and to COFINS at 7.60%.

**Deferred income tax and social security contribution**

Deferred taxes are recognized for all deductible temporary differences, non-used tax credits and losses, as far as it is probable that taxable income be available, to allow deductible temporary differences to be realized and non-used tax credits and losses to be used, except:

- When the deferred tax asset relating to the deductible temporary difference arises upon initial recognition of an asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect accounting income or tax earnings or losses.
- Deferred tax assets are recognized on deductible temporary differences relating to investments in subsidiaries only to the extent that it is likely that the temporary differences will be reversed in the near future, and that taxable income will be available for them to be used.

The carrying amount of deferred tax assets is reviewed at each reporting date, and is written-off when it is no longer probable for the taxable income to be available to allow the utilization of all or part of deferred tax assets. Written-off deferred tax assets are reviewed on each reporting date and are recognized to the extent that it becomes probable that future taxable income will enable the deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rate that is expected to be applied in the year when assets will be realized or liabilities will be settled, based on tax rates (and tax law) that were issued on reporting date.

Deferred tax related to items recognized directly in equity is also recognized in equity, and not in the statement of profit or loss. Deferred tax items are recognized according to the transaction that originated the deferred tax, in the comprehensive income or directly in equity.

Deferred tax assets and liabilities will be shown net if there is a legal or contractual right to offset the tax asset against the tax liability, and if the deferred tax relates to the same taxable entity and is subject to the same tax authority.

**2.17 Share-based payments**

The Company grants its main executives and managers a share-based compensation plan settled with shares, under which the Company receives the services from these executives and managers and pays the consideration with equity instruments. The fair value of services received in exchange for the granting of options is recognized as an expense. The total value to be recognized is determined by reference to the fair value of the option grants, excluding the impact of any vesting conditions based on non-market service and performance (e.g., profitability, revenue growth goals, and remaining in employment for a specific period of time). Non-market vesting conditions are included in the assumptions on the number of options whose rights must be acquired. The total value of the expense is recognized during the period in which the right is vested; period during which the specific vesting conditions must be met.

At the reporting date, the Company reviews its estimates of the number of options whose rights should be vested based on non-market vesting conditions. The Company recognizes the impact of revising the initial estimates, if any, on the statement of profit or loss, with a corresponding adjustment to equity.

Values received, net of any directly attributable transaction costs, are credited to share capital (par value) and capital reserve, if applicable, when the options are exercised.

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In addition to the Share Call Option Plan, the Company recognized the creation of a Restricted Shares Granting Plan, as contemplated in the annual global compensation of the Company's Managers.

**2.18 Equity Interest on profits**

The Group recognizes a liability and an expense for equity interest of income based on a methodology that takes into account the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision when there is a contractual obligation or when there was a previous practice that created a constructive obligation.

**2.19 Income per share**

The Company calculates earnings per lot of 1000 shares, using the weighted average number of total outstanding common shares during the fiscal year corresponding to the income, as per Technical Pronouncement CPC 41 (IAS 33). (Note 22)

Diluted income per share is calculated by adjusting the weighted average number of outstanding common shares, to assume the conversion of all potential ordinary shares with dilutive effects. For share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's share), based on the monetary value of the subscription rights linked to outstanding share options. The number of shares calculated as described above is compared with the number of outstanding shares, assuming the exercise of share options.

**2.20 Share capital**

Common shares are classified in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from values raised, net of tax.

When a company in the Group purchases shares of the Company's capital (treasury shares), the value paid, including any directly attributable additional costs (net of income tax), is deducted from equity attributable to the Company's shareholders until the shares are canceled or reissued. When these shares are subsequently reissued, any value received, net of any directly attributable additional transaction additional costs and the respective income tax and social security contribution effects, is included in equity attributable to the Company's shareholders.

**2.21 Recognition of revenue, costs and expenses**

Revenues, costs and expenses are recognized on an accrual basis.

**(a) Revenue from services**

Revenue comprises the fair value of the consideration received or receivable for the provision of teaching activity services in the normal course of the Group's activities and online education services for students in selection processes through subscription plans. Revenue is presented net of taxes, returns, cancellations, deductions, and discounts. The Company evaluates revenue transactions according to specific criteria to determine whether it is acting as agent or principal and finally concluded that it is acting as principal in all its income contracts.

The Group recognizes revenue when its value can be reliably measured, being probable that future economic benefits will flow to the Company, and when specific criteria have been met.

**(b) Financial revenues and expenses**

Financial revenues and expenses mainly include income from interest on financial investments, expenses with interest on financing, gains and losses on valuation at fair value, according to the classification of the security, in addition to net foreign exchange and monetary variations.

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**2.22 Critical accounting estimates and judgments****Critical accounting estimates and assumptions**

Preparation of the Company's individual and consolidated financial statements requires the management to make judgments and estimates and to adopt assumptions that affect the values of revenues, expenses, assets, and liabilities, as well as disclosures of contingent liabilities on the base date of the financial statements. Uncertainty in respect of these assumptions and estimates may, however, lead to income requiring a significant adjustment in the carrying amount of the respective asset or liability in future periods.

Settlement of transactions involving these estimates may result in values differing significantly from those recorded in the financial statements, due to inaccuracies inherent in the process for calculation thereof. The Company reviews its estimates and assumptions once a year.

**(i) Impairment of goodwill**

Annually, the Group tests possible losses (impairment) on goodwill, in accordance with the accounting policy presented in Note 2.10. The recoverable values of Cash Generating Units (CGUs) were determined based on calculations of the value in use, based on the following estimates.

	In percentage	
	2022	2021
Average gross margin (i)	57.5	55.7
Growth rate (ii)	4.0	3.5
Discount rate (iii)	13.6	12.3

(i) Average budgeted gross margin.

(ii) Weighted average growth rate used to extrapolate the cash flows after the budgeted period.

(iii) Discount rate before tax applied to cash flow projections (post-tax).

**(ii) Share-based payment transactions**

The Company measures the cost of equity-settled transactions based on the fair value of equity instruments on the date of grant thereof. Estimating the fair value of share-based payments requires determining the most appropriate valuation model for the granting of equity instruments, which depends on the terms and conditions of the grant. This also requires determining the most appropriate data for the valuation model, including the expected life of the option, volatility and yield of dividends, and corresponding assumptions. The assumptions and models for estimating the fair value of share-based payments are disclosed in Note 21(b).

**(iii) Provisions for tax, civil and labor risks**

The Company recognizes provisions for civil, tax and labor claims. The assessment of the probability of loss includes assessing available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the assessment of external lawyers. Provisions are revised and adjusted to consider changes in circumstances, such as applicable lapse of time, conclusions of tax inspections, or additional exposures identified based on new matters or court decisions.

**(iv) Useful life of assets**

The Company annually revises the economic useful lives of its assets, based on reports from external appraisers. Depreciation is recognized in income based on the remaining useful life balance.

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**(v) Expected credit losses**

The Group applies the simplified approach of IFRS 9/CPC 48 for the measurement of expected credit losses considering a provision for expected losses over the useful life of all trade receivables from customers and contracts assets.

To measure expected credit losses, the trade receivables from customers and contract assets were grouped based on shared credit risk characteristics and days of delay. The Group concluded that the expected loss rates for trade receivables from customers represent a reasonable approximation of the loss rates.

Another definition of the Group's policy determines that receivables, for which the expected credit loss is greater than 12 months, are subject to derecognition, and therefore, the balance of trade receivables is written off.

**(vi) Business combination**

In accordance with the provisions of CPC 15 - Business combinations, the Group uses the acquisition method, whose consideration transferred for the acquisition of a subsidiary is the fair value of the transferred assets, incurred liabilities, and equity instruments issued by the Group. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration contract, when applicable. Acquisition-related costs are recorded in the income statement of the fiscal year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair values on the acquisition date.

**2.23 Statements of cash flows**

The statements of cash flows were prepared using the indirect method and are presented according to Technical Pronouncement CPC 03 R2 (IAS 7) - Statement of Cash Flows, issued by CPC (IASB).

**2.24 Statement of value added ("DVA")**

The purpose of this statement is to evidence the wealth created by the Company and its subsidiaries and its distribution during a particular period and is presented, as required by Brazilian corporate law, and by the accounting policies adopted in Brazil applicable to publicly-held companies.

The DVA was prepared based on information obtained from the accounting records supporting the financial statements and under the provisions of Technical Pronouncement CPC 09. Its first part presents the wealth created by the Company, represented by revenues, inputs acquired from third parties, and the value added received from third parties (equity accounting income, financial revenues, and other revenues). The second part of the DVA shows the wealth distributed among personnel, taxes, fees, and contributions, compensation on third-party equity, and return on equity.

**2.25 Information by segment**

Information by operating segments is presented in a form that is consistent with the internal report provided to the main operations decision-maker. The main operations decision maker, responsible for allocating resources and evaluating the performance of operational segments, is the Executive Board, which is also responsible for making the strategic decisions of the Group.

Consolidating the strategy plan with the creation of multi-brand models, in 2021, the Company started to present income in three large generating units, with the transactions being: in class, premium, and digital education. The Company's income is followed up, monitored, and evaluated in an integrated manner.

**3 Cash and cash equivalents and securities**

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Parent  
company

Consolidated

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	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and banks	1,798	1,204	22,255	47,729
Financial Bills (LFs) (Exclusive funds)	396	44,376	322,599	321,425
Bank Deposit Certificate (CDB)		356,152	17,766	425,762
CDB (Exclusive funds)	1	32,962	348	34,400
Repurchase	70	50,545	38,082	75,784
Corporate Credit				361
Cash and cash equivalents	<u>2,265</u>	<u>485,239</u>	<u>401,050</u>	<u>905,461</u>
Federal Government Bonds (Investment Fund)	<u>338</u>	<u>82,254</u>	<u>384,781</u>	<u>908,779</u>
Bonds and securities	<u>338</u>	<u>82,254</u>	<u>384,781</u>	<u>908,779</u>
Total	<u>2,603</u>	<u>567,493</u>	<u>785,831</u>	<u>1,814,240</u>

The Company has an investments policy that stipulates that investments must be concentrated in low-risk securities and investment at prime financial institutions. On December 31, 2022, the transactions 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.

On December 31, 2022 and 2021, all of the securities of the Company are classified as "fair value through profit or loss".

Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LFs (Financial Bills), government bonds, and repurchase agreements with prime banks and issuers. The average compensation of the investment funds as of December 31, 2022, was 102.6% of the CDI rate with an average yield in 2022 of 105.8% 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 98.27% as of December 31, 2021. On December 31, 2022, the Company did not have this type of investment contracted.

#### 4 Trade receivables

	<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>
Monthly tuition fees received from students	1,449,978	1,422,254
FIES (a)	88,570	108,429
Partnership agreements and exchange deals	44,182	23,782
Credit cards receivable (b)	160,126	130,991
Receivable agreements	<u>194,328</u>	<u>144,171</u>
	<u>1,937,184</u>	<u>1,829,627</u>
PCE	(684,326)	(559,243)
Unidentified values	(5,875)	(9,203)
(-) Adjustment to present value (c)	<u>(38,051)</u>	<u>(29,803)</u>
	<u>1,208,932</u>	<u>1,231,378</u>
Current assets	1,055,886	957,746
Non-current assets	<u>153,046</u>	<u>273,632</u>
	<u>1,208,932</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 checking account. Such an amount has been used to pay social security contributions and federal taxes and converted into cash by means of auctions of National Treasury bonds.

**FIES Risk:**

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

- (i) For FIES students with a guarantor, it was set up provision for 2.25% of the billing 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 March 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% to the credit risk exposure for an estimated default rate of 15%, i.e., 0.45%.
- (iii) For the uncovered FGEDUC risk, contracted as of 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% to this credit risk exposure for an estimated default rate of 15%, i.e., 0.225%.

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

(c) As of December 31, 2022, the adjustment to present value values to BRL 38,051 (BRL 9,153 related to PAR, BRL 25,052 to DIS, BRL 3,846 to the Athenas Financing System), and, as of December 31, 2021, BRL 29,803 (BRL 10,817 related to PAR, BRL 15,808 to DIS, and BRL 3,178 to the Athenas Financing System).

The balance of long-term values as of December 31, 2022, is related to PAR (Estácio Installment Payment Program), DIS (Dilution of monthly tuition fees) and Athenas installment payment program. The aging breakdown is as follows:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
2023		259,916
2024 to 2027	236,380	150,417
(-) Adjustment to present value	(28,693)	(29,802)
(-) Allowances for expected credit losses	(54,641)	(106,899)
Non-current assets	<u>153,046</u>	<u>273,632</u>

The breakdown of receivables by age is presented below:

	<b>Consolidated</b>			
	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>
FIES	88,570	5	108,429	6
To fall due	747,016	39	754,610	41
Overdue up to 30 days	219,886	11	210,484	12
Overdue for 31 to 60 days	143,656	7	117,009	6
Overdue for 61 to 90 days	95,104	5	106,888	6
Overdue for 91 to 179 days	179,785	9	181,073	10
Overdue for 180 to 360 days	463,167	24	351,134	19
	<u>1,937,184</u>	<u>100</u>	<u>1,829,627</u>	<u>100</u>

The breakdown of receivables by age is presented below:

	<b>Consolidated</b>			
	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>
To fall due	78,180	40	53,898	37
Overdue up to 30 days	15,011	8	12,628	9
Overdue for 31 to 60 days	15,880	8	12,978	9
Overdue for 61 to 90 days	15,803	8	12,845	9
Overdue for 91 to 179 days	28,718	15	21,359	15
Overdue for 180 to 360 days	40,767	21	30,463	21
	<u>194,359</u>	<u>100</u>	<u>144,171</u>	<u>100</u>

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



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Balance in 2020	694,604
Constitution	513,912
Write-off of bills / checks overdue for more than 360 days	(649,273)
Balance in 2021	559,243
Constitution	603,721
Constitution by acquisition	1,534
Write-off of bills (Acquired)	(2,289)
Write-off of bills / checks overdue for more than 360 days	(477,883)
Balance in 2022	684,326

## 5 Related parties

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

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

	Parent company	
	2022	2021
Current assets		
SESES	6	81
IREP		18
Ribeirão Preto		14
Others	12	27
	<u>18</u>	<u>140</u>
Current liability		
SESES	53	190
IREP	5	
Others	5	
	<u>63</u>	<u>190</u>

## 6 Prepaid expenses

	Consolidated	
	2022	2021
Advance of vacations and charges	11,428	3,468
Insurance	7,635	8,169
Registration fee - MEC	3,630	3,630
Digital platform	1,480	
Technical-pedagogical cooperation Santa Casa	634	1,056
Other prepaid expenses	1,159	1,861
	<u>25,966</u>	<u>18,184</u>
Current assets	19,394	10,140
Non-current assets	6,572	8,044
	<u>25,966</u>	<u>18,184</u>

In the parent company, the value of BRL 969 in the fiscal year ended December 31, 2022, relates to non-life insurance policies (BRL 643 as of December 31, 2021).

**Management notes to the financial statements  
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In thousands of Brazilian reais, except when otherwise indicated

**7 Taxes and contributions recoverable**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
IRPJ/CSLL to be offset (i)	67,947	26,263	128,654	74,299
ISS (Municipal Service Tax)			86,257	79,122
Withholding Income Tax (IRRF)	32,955	62,183	69,243	78,634
PIS and COFINS (ii)			51,996	4,424
IRPJ/CSLL Prepayments	27		18,406	34,775
National Institute of Social Security (INSS)			2,954	20,972
Others			494	500
	<u>100,929</u>	<u>88,446</u>	<u>358,004</u>	<u>292,726</u>
Current assets	64,226	66,182	216,378	163,664
Non-current assets	<u>36,703</u>	<u>22,264</u>	<u>141,626</u>	<u>129,062</u>
	<u>100,929</u>	<u>88,446</u>	<u>358,004</u>	<u>292,726</u>

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

(ii) The Company recognized non-cumulative PIS and COFINS credits calculated on the goods to be used as inputs for the last five years.

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

	<b>2022</b>		<b>2021</b>	
	<b>Investment</b>	<b>Investment Loss</b>	<b>Investment</b>	<b>Investment Loss</b>
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	3,721,707		4,262,642	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,430,549		1,362,904	
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	241,018		320,329	
Other subsidiaries (i)	3,097	(30)	2,632	(30)
	<u>5,396,371</u>	<u>(30)</u>	<u>5,948,507</u>	<u>(30)</u>

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

The subsidiaries' information is presented below:

<b>2022</b>								
	<b>Equity Interest</b>	<b>Number of units of ownership</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Equity</b>	<b>Goodwill</b>	<b>Income tax on goodwill from downstream merger</b>	<b>Net income (loss) for the fiscal year</b>
SESES	100%	3,355,747	5,045,177	1,323,470	3,721,707			326,799
IREP	100%	849,492	1,856,645	488,538	1,368,107	62,442		22,813
Estácio Ribeirão Preto	100%	54,607	329,721	86,473	243,248		(2,230)	145,581
Other subsidiaries (i)	100%	19,715	<u>779</u>	<u>(2,283)</u>	<u>3,062</u>	<u>5</u>		<u>(716)</u>
			<u>7,232,322</u>	<u>1,896,198</u>	<u>5,336,124</u>	<u>62,447</u>	<u>(2,230)</u>	<u>494,477</u>

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

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									2021
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwi ll	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 Ribeiro 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		2,604	(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>5,948,479</u>	<u>424,947</u>

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

The table below presents the overall activity of investments in subsidiaries in the fiscal years ended December 31, 2022 and 2021:

Investments in subsidiaries in 2020	5,338,152
Equity accounting method	424,947
Dividends (Interest on equity) (ii)	(154,700)
Advance for future capital increase	177,208
Capital increase	131,495
Granted options	134
Restricted shares plan	31,271
Investments in subsidiaries in 2021	5,948,507
Equity accounting method	494,477
Capital increase	145,265
Dividends (Interest on equity) (ii)	(170,900)
Advance for future capital increase	103,950
Dividends received	(868,399)
Dividends receivables	(219,612)
Equity valuation adjustment	(55,917)
Granted options	26
Restricted shares plan	18,974
Investments in subsidiaries in 2022	<u>5,396,371</u>

(ii) The values related to Interest on equity are distributed through capital increases.

We present below the information on direct subsidiaries' investments:

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

	2022	2021
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	104,677	104,986
YDUQS Participações 2 Ltda. ("ADTALEM")		2,209,573
YDUQS Educacional Ltda. ("UNIFANOR")	1,958,680	
Damásio Educacional Ltda. ("DAMÁSIO")	386,369	
	<u>2,449,725</u>	<u>2,314,559</u>

**Management notes to the financial statements  
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In thousands of Brazilian reais, except when otherwise indicated

We present below the information on SESES' subsidiaries:

2022							
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net income (loss) for the fiscal year
UNITOLEDO	100%	3,460	46,880	36,915	9,965	94,711	104,677
UNIFANOR	100%	129,717	1,774,117	293,402	1,480,715	477,965	1,958,680
DAMÁSIO	100%	323,960	402,106	120,286	281,820	104,549	386,369
			<b>2,223,103</b>	<b>450,603</b>	<b>1,772,500</b>	<b>677,225</b>	<b>2,449,725</b>
							<b>84,929</b>
2021							
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net income 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
			<b>2,177,429</b>	<b>39,724</b>	<b>2,137,705</b>	<b>176,854</b>	<b>2,314,559</b>
							<b>68,630</b>

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

Investments in subsidiaries in 2020	2,226,782
Equity accounting method	68,630
Advance for future capital increase	16,830
Granted options	2,625
Goodwill on the acquisition	(308)
Investments in subsidiaries in 2021	2,314,559
Equity accounting method	84,930
Capital increase	58,270
Goodwill by merger	582,514
Write off of the goodwill by merger	(82,143)
Equity Valuation Adjustment	(55,917)
Dividends received	(331,901)
Dividends receivables	(122,181)
Balance before merger	453
Restricted shares plan	(262)
Granted options	1,403
Investments in subsidiaries in 2022	<b>2,449,725</b>

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

	2022	2021
Sociedade Educacional Atual da Amazônia ("ATUAL")	628,856	613,548
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	71,822	71,781
União Educacional Meta Ltda ("UNIÃO META")	46,698	48,025
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	64,824	64,824
Other subsidiaries (i)	<b>226,501</b>	<b>227,637</b>
	<b>1,038,701</b>	<b>1,025,815</b>

## YDUQS Participações S.A.

### Management notes to the financial statements

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

We present below the information on IREP's subsidiaries:

2022							
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net income (loss) for the fiscal year
ATUAL	100%	46,501	640,304	26,951	613,353	15,503	2,299
UNIJIPA	100%	21,508	45,499	28,613	16,886	54,936	3,425
UNIÃO META	100%	27,173	62,189	48,733	13,456	33,242	(1,327)
CENTRO PANTANAL	100%	12,661	45,570	32,486	13,084	51,740	11,803
Other subsidiaries (i)	100%		297,585	88,375	209,210	17,291	16,316
			1,091,147	255,158	865,989	172,712	32,516

2021							
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity (unsecured liabilities)	Goodwill	Net income (loss) for the fiscal year
ATUAL	100%	442,932	635,861	37,816	598,045	15,503	(4,859)
UNIJIPA	100%	21,468	43,434	26,589	16,845	54,936	2,044
UNIÃO META	100%	27,173	62,503	47,720	14,783	33,242	(1,026)
CENTRO PANTANAL	100%	12,661	33,614	20,530	13,084	51,740	5,448
Other subsidiaries (i)	100%		291,714	89,444	202,270	25,367	(1,503)
			1,067,126	222,099	845,027	180,788	104

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

The table below presents the overall activity of investments of the direct subsidiary IREP in the fiscal years ended December 31, 2022 and 2021:

Investments in subsidiaries in 2020	824,446
Equity accounting method	104
Advance for future capital increase	201,265
Investments in subsidiaries in 2021	1,025,815
Equity accounting method	32,516
Capital increase	207,878
Advance for future capital increase	(183,063)
Write-off upon merger	(5,920)
Dividends receivables	(38,541)
Granted options	15
Investments in subsidiaries in 2022	1,038,701

Information on the investments of indirect subsidiaries:

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

	2022	2021
Sociedade Educacional da Amazônia ("SEAMA")	60,550	66,414
União Luis Educacional S.A ("SÃO LUIS")	85,741	89,210
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	41,190	40,401
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	48,381	49,581
Instituto de Estudos Superiores da Amazônia ("IESAM")	103,131	111,811
Centro de Ensino Unificado de Teresina ("CEUT")	56,350	60,160
Faculdade Nossa Cidade ("FNC")	76,446	85,090

## YDUQS Participações S.A.

### Management notes to the financial statements

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Faculdades Integradas de Castanhal Ltda. ("FCAT")	44,639	47,879
Other subsidiaries (i)	22,743	30,305
	<u>539,171</u>	<u>580,851</u>

(i) Refer to FARGS, ASSESC and FUFs.

We present below the information on ATUAL's subsidiaries:

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder's equity	Goodwill	Goodwill	Total	2022 Profit net (loss) for the fiscal year
SEAMA	100%	6,915	63,334	20,819	42,515	18,035		60,550	7,758
SÃO LUIS	100%	5,001	94,635	36,262	58,373	27,368		85,741	6,232
FACITEC	100%	8,951	65,232	50,696	14,536	26,654		41,190	3,505
Estácio Amazonas	100%	49,187	52,579	30,412	22,167	26,214		48,381	(3,384)
IESAM	100%	16,128	86,963	21,973	64,990	26,797	11,344	103,131	12,922
CEUT	100%	16,938	41,124	12,342	28,782	27,568		56,350	(30)
FNC	100%	22,328	31,425	27,025	4,400	72,046		76,446	(8,644)
FCAT	100%	12,191	54,127	29,609	24,518	20,121		44,639	1,280
Other subsidiaries (i)	100%		30,740	27,030	3,710	19,033		22,743	(7,587)
			<u>520,159</u>	<u>256,168</u>	<u>263,991</u>	<u>263,836</u>	<u>11,344</u>	<u>539,171</u>	<u>12,052</u>

(i) Refer to FARGS, ASSESC and FUFs.

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder's equity	Goodwill	Goodwill	Total	2021 Profit net (loss) for the fiscal year
SEAMA	100%	4,407	66,038	17,659	48,379	18,035		66,414	8,172
SÃO LUIS	100%	3,819	99,674	37,832	61,842	27,368		89,210	4,255
FACITEC	100%	6,081	55,522	41,775	13,747	26,654		40,401	(10,042)
Estácio Amazonas	100%	48,797	58,834	35,467	23,367	26,214		49,581	(2,441)
IESAM	100%	14,980	87,304	13,854	73,450	26,797	11,564	111,811	9,006
CEUT	100%	16,938	51,789	19,197	32,592	27,568		60,160	3,779
FNC	100%	22,328	41,783	28,739	13,044	72,046		85,090	(5,943)
FCAT	100%	12,191	58,860	31,102	27,758	20,121		47,879	3,240
Other subsidiaries (i)	100%		52,131	43,862	8,269	22,036		30,305	(10,740)
			<u>571,935</u>	<u>269,487</u>	<u>302,448</u>	<u>266,839</u>	<u>11,564</u>	<u>580,851</u>	<u>(714)</u>

(i) They refer to the companies IDEZ, FARGS, UNIUL, ASSESC, and FUFs.

The table below presents the overall activity of investments of the direct subsidiary ATUAL in its direct subsidiaries in the fiscal years ended December 31, 2022 and 2021:

Investments in subsidiaries in 2020	573,436
Equity accounting method	(714)
Advance for future capital increase	8,350
Amortization of goodwill	(221)
Investments in subsidiaries in 2021	580,851
Equity accounting method	12,052
Capital increase	11,192
Advance for future capital increase	(275)
Interest on equity	(5,020)
Amortization of goodwill	(220)
Dividends received	(28,453)
Dividends receivables	(27,832)

## YDUQS Participações S.A.

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Write-off of Merger	(3,135)
Granted options	11
Investments in subsidiaries in 2022	<u>539,171</u>

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

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

We present below the information on ADTALEM's subsidiaries:

								<u>2021</u>
	<u>Equity Interest</u>	<u>Number of units of ownership</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Shareholder's equity</u>	<u>Goodwill</u>	<u>Total</u>	<u>Net income (loss) for the fiscal year</u>
UNIFANOR	100%	129,717	2,037,063	226,078	1,810,985	477,965	2,288,950	65,950
DAMÁSIO	100%	260,380	<u>386,156</u>	<u>73,710</u>	<u>312,446</u>	<u>104,549</u>	<u>416,995</u>	<u>4,819</u>
			<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
Advance for future capital increase	15,227
Restricted shares plan	(308)
Capital increase	<u>630</u>
Investments in subsidiaries in 2021	2,705,945

As described in note 1.1, Yduqs Participações 2 Ltda. was acquired by SESES and its subsidiaries are being presented in the Acquiring company.

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

	<u>2022</u>	<u>2021</u>
Instituto de Ensino Superior da Amazonia Ltda ("FMF")	67,556	68,820
Sociedade Educacional Ideal Ltda ("FACI")	118,169	121,889
IBMEC Educacional Ltda ("IBMEC")	639,712	619,626
A. Região Tocantina de Educação e Cultura Ltda ("FACIMP")	53,655	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>147,967</u>	<u>227,553</u>
	<u>1,027,059</u>	<u>1,155,386</u>

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We present below the information on UNIFANOR's subsidiaries:

								2022
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder's equity	Goodwill	Total	Profit net (loss) for the fiscal year
FMF	100%	31,065	56,045	12,854	43,191	24,365	67,556	(1,264)
FACI	100%	41,127	99,884	(15,513)	115,397	2,772	118,169	9,712
IBMEC	100%	96,669	533,725	294,671	239,054	400,658	639,712	22,307
FACIMP	100%	5,810	84,029	44,570	39,459	14,196	53,665	12,813
UNIFAVIP	100%	12,000	161,628	49,635	111,993	35,974	147,967	49,593
			935,311	386,217	549,094	477,965	1,027,059	93,161

								December 31, 2021
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Profit net (loss) for the fiscal year
FMF	100%	31,065	60,837	16,382	44,455	24,365	68,820	(491)
FACI	100%	41,127	97,708	(21,409)	119,117	2,772	121,889	5,506
IBMEC	100%	85,201	387,789	168,821	218,968	400,658	619,626	17,074
FACIMP	100%	5,310	80,481	33,928	46,553	14,196	60,749	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	227,553	32,666
			868,857	191,436	677,421	477,965	1,155,386	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	93,161
Capital increase	19,804
Interest on own equity	(22,711)
Write-off of Merger	(56,748)
Dividends received	(97,594)
Dividends receivables	(64,248)
Restricted Shares Plan	(111)
Granted Options	120

Investments in subsidiaries as of December 31, 2022 1,027,059

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



## Management notes to the financial statements

as of December 31, 2022

In thousands of Brazilian reais, except when otherwise indicated

## 9 Intangible Assets

## (a) Intangible Assets – Parent company

	2021				2022	
	Cost	Additions	Write-offs	Transfer	Cost	
Cost						
Goodwill on investment acquisitions (i)	780,065				780,065	
Software right of use	99		(9)		90	
Goodwill	79,704				79,704	
Others	212				212	
	<u>860,080</u>		<u>(9)</u>		<u>860,071</u>	

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

	2020			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	
Others			212	212	
	<u>860,080</u>			<u>860,080</u>	

	Amortization rates	Amortization	Additions	Transfer	Amortization
Amortization					
Software right of use	20% p.a.	(99)			(99)
Integration Project	20% p.a.	(181)	(26)	207	
Goodwill	20 to 33% p.a.	(79,704)			(79,704)
Others			(5)	(207)	(212)
		<u>(79,984)</u>	<u>(31)</u>		<u>(80,015)</u>
Net residual balance		<u>780,096</u>	<u>(31)</u>		<u>780,065</u>

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

## Management notes to the financial statements

as of December 31, 2022

In thousands of Brazilian reais, except when otherwise indicated

## (b) Intangible Assets - Consolidated

	2021					2022
	Cost	Additions	Write-offs	Transf.	Reclass.	Cost
Cost						
Goodwill on investment acquisitions	2,346,604	31,098				2,377,702
Software right of use	927,515	249,510	(68,730)	4,153	(9)	1,112,439
DL (Distance Learning) and Integration	18,360			1,760		20,120
Learning Center	126,827	3,488				130,315
IT Architecture	21,664					21,664
Online class material	8,043		2			8,045
Knowledge factory DL	79,810	27,330				107,140
Questions database	13,886					13,886
Brand	512,868	8,446				521,314
Customers portfolio	178,744					178,744
Others	344,396	74,887		(5,913)	9	413,379
	<u>4,578,717</u>	<u>394,759</u>	<u>(68,728)</u>			<u>4,904,748</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.	(520,252)	(159,428)	68,728	(9)		(610,961)
DL (Distance Learning) and Integration	20% p.a.	(18,335)	(829)				(19,164)
Learning Center	10% p.a.	(68,517)	(11,238)				(79,755)
IT Architecture	17 to 20% p.a.	(21,165)	(498)				(21,663)
Online class material	20% p.a.	(7,942)	(58)				(8,000)
Knowledge factory DL	10% p.a.	(25,732)	(8,121)				(33,853)
Questions database	20% p.a.	(11,967)	(868)				(12,835)
Brand	2 to 33% p.a.	(87,082)	(22,892)				(109,974)
Customers portfolio	2 to 33% p.a.	(86,723)	(28,933)				(115,656)
Others	20 to 50% p.a.	(215,515)	(37,409)		9		(252,915)
		<u>(1,070,154)</u>	<u>(270,274)</u>	<u>68,728</u>			<u>(1,271,700)</u>
Net residual balance		<u>3,508,563</u>	<u>124,485</u>				<u>3,633,048</u>

	2020						2021
	Cost	Additions by acquisitions	Additions	Write-offs	Transf.	Reclass.	Cost
Cost							
Goodwill on investment acquisitions	2,180,477		166,127				2,346,604
Software right of use	650,949	147	257,590	(27)	19,012	(156)	927,515
DL (Distance Learning) and Integration	18,360						18,360
Learning Center	115,366		4,940		6,521		126,827
IT Architecture	21,664						21,664
Online class material	8,043						8,043
Knowledge factory DL	56,724		22,689		397		79,810
Questions database	13,886						13,886
Brand	484,924		27,944				512,868
Customers portfolio	179,745			(1,001)			178,744
Others	295,441	4,164	70,211	(112)	(25,930)	622	344,396
	4,025,579	4,311	549,501	(1,140)		466	4,578,717

## Management notes to the financial statements

as of December 31, 2022

In thousands of Brazilian reais, except when otherwise indicated

	Amortization rates	Amortization	Additions by acquisitions	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)	(59)	(123,544)			2	(520,252)
DL (Distance Learning) and	20% p.a.	(18,210)		(125)				(18,335)
Integration								
Learning Center	10% p.a.	(56,317)		(12,200)				(68,517)
IT Architecture	17 to 20% p.a.	(20,065)		(1,100)				(21,165)
Online class material	20% p.a.	(7,783)		(159)				(7,942)
Knowledge factory DL	10% p.a.	(18,984)		(6,748)				(25,732)
Questions database	20% p.a.	(10,484)		(1,483)				(11,967)
Brand	2 to 33% p.a.	(65,683)		(21,399)				(87,082)
Customers portfolio	2 to 33% p.a.	(53,258)		(33,465)				(86,723)
Others	20 to 50% p.a.	(184,682)		(30,833)				(215,515)
		(839,041)	(59)	(231,056)			2	(1,070,154)
Net residual balance		3,186,538	4,252	318,445	(1,140)		468	3,508,563

As of December 31, 2022, 2021 [sic], net goodwill on acquisitions of investments was represented as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Goodwill on acquisitions of investments net of accumulated amortization:				
ADTALEM			792,362	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
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
Iesam			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
EnsineMe			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	770,694	770,694	770,694	770,694
	780,065	780,065	2,369,527	2,339,680

Annually, the Company performs impairment tests on goodwill calculated on investment acquisitions, arising from the expectation of future profitability, the last assessment being carried out due to the end of the fiscal year on December 31, 2022. These assessments are made based on projections of future income for a period of ten years, using a nominal rate of 4.0% per year as the perpetuity growth rate and a single nominal discount rate of 13.6% to discount cash flows estimated future cash flows.

If the carrying amount of the asset exceeds its recoverable value, the Company recognizes a reduction in the carrying value of such asset (impairment). The impairment is recorded in the income of the fiscal year.

**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

Management determined the budgeted gross margin based on past performance and its expectations for the market development. The weighted average growth rate used are consistent with the estimates included in the sector reports. The discount rates used correspond to rates before taxes, and reflect specific risks regarding the relevant operational segments.

The key assumptions were based in the historical performance of the Company and the macroeconomic assumptions that are reasonable and grounded based on the projections of financial market, documented and approved by Company's Management. As of December 31, 2022 and 2021, there was no need to record any provision for loss on goodwill determined on investment acquisitions and mergers.

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

	2021						2022
	Cost	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Cost
Cost							
Lands	68,235						68,235
Buildings	355,885		713		25,329	(11,569)	370,358
Third-party buildings	1,919,696	171	320,148	(114,241)			2,125,774
Improvements in third-party properties	686,491	353	18,985	(17,875)	81,405	11,569	780,928
Furniture and fixtures	213,910	34	14,541	(1,098)	(89)	(20)	227,278
Computers and peripherals	247,851	40	10,876	(1,957)	(938)	(3)	255,869
Machinery and equipment	214,544		16,556	(343)	(301)	9	230,465
Physical activity equipment	129,267	24	12,103	(114)	24	(9)	141,295
Library	213,636		442				214,078
Facilities	86,931	114	2,796	(3,584)	(2,829)	22	83,450
Constructions in progress	63,978		69,476		(111,575)		21,879
Demobilization	77,065		4,538	(9,564)			72,039
Others	25,013		1,780	(953)	(52)	1	25,789
	4,302,502	736	472,954	(149,729)	(9,026)		4,617,437

	Depreciation rates	Depreciation	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(89,908)		(6,392)				(96,300)
Third-party buildings	21.60% p.a.	(635,366)	(9)	(259,721)	65,942			(829,154)
Improvements in third-party properties		(355,495)	(13)	(74,930)	17,608	4,854		(407,976)
Furniture and fixtures	4 to 11.11% p.a.	(122,081)	(3)	(18,880)	791	174		(139,999)
Computers and peripherals	8.33 to 10% p.a.	(191,281)	(7)	(26,170)	1,824	940		(214,694)
Machinery and equipment	20 to 25% p.a.	(107,381)		(18,347)	300	120		(125,308)
Physical activity equipment	8.33 to 10% p.a.	(44,400)	(1)	(8,697)	76	150		(52,872)
Library	6.67% p.a.	(124,656)		(8,067)				(132,723)
Facilities	5 to 10% p.a.	(45,777)	(22)	(9,724)	3,584	2,738		(49,201)
Demobilization	8.33 to 20% p.a.	(35,176)		(4,657)	2,623			(37,210)
Others	14.44 to 20% p.a.	(16,013)		(2,683)	868	50		(17,778)
		(1,767,534)	(55)	(438,268)	93,616	9,026		(2,103,215)
Net residual balance		2,534,968	681	34,686	(56,113)			2,514,222

## Management notes to the financial statements

as of December 31, 2022

In thousands of Brazilian reais, except when otherwise indicated

	2020						2021	
	Cost	Additions by acquisitions	Addition	Write-offs	Transf.	Reclass.	Cost	
Cost								
Lands	68,235						68,235	
Buildings	349,601	301	2,242		3,506	235	355,885	
Third-party buildings	1,677,964		369,079	(127,347)			1,919,696	
Improvements in third-party properties	594,863		40,456	(25,314)	69,696	6,790	686,491	
Furniture and fixtures	207,299	133	17,203	(1,712)	(9,049)	36	213,910	
Computers and peripherals	259,175	677	21,248	(25,257)	(9,754)	1,762	247,851	
Machinery and equipment	176,730	68	22,586	(2,869)	18,250	(221)	214,544	
Physical activity equipment	111,552		17,363	1,435	46	(1,129)	129,267	
Library	211,715		2,062	(141)			213,636	
Facilities	83,125		4,830	(1,356)	330	2	86,931	
Constructions in progress	61,452		84,076	(179)	(73,427)	(7,944)	63,978	
Demobilization	82,677		14,353	(19,965)			77,065	
Others	23,627		1,152	(10)	241	3	25,013	
	3,908,015	1,179	596,650	(202,715)	(161)	(466)	4,302,502	
	Depreciation rates	Depreciation	Additions by acquisitions	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(134,616)	(67)	(6,151)		46,783	4,143	(89,908)
Third-party buildings	21.60% p.a.	(441,625)		(258,758)	65,017			(635,366)
Improvements in third-party properties		(238,354)		(89,823)	23,607		(4,143)	(355,495)
Furniture and fixtures	4 to 11.11% p.a.					(46,782)		
Computers and peripherals	8.33 to 10% p.a.	(114,848)	(69)	(17,268)	1,549	8,555	-	(122,081)
Machinery and equipment	20 to 25% p.a.	(196,514)	(370)	(26,165)	25,077	9,878	(3,187)	(191,281)
Physical activity equipment	8.33 to 10% p.a.	(79,202)	(27)	(15,820)	2,823	(18,340)	3,185	(107,381)
Library	6.67% p.a.	(36,837)		(6,209)	(1,448)	94		(44,400)
Facilities	5 to 10% p.a.	(116,718)		(8,046)	108			(124,656)
Demobilization	8.33 to 20% p.a.	(38,293)		(8,795)	1,311			(45,777)
Others		(46,590)		(8,302)	19,714	2		(35,176)
	14.44 to 20% p.a.	(13,374)		(2,618)	8	(29)		(16,013)
		(1,456,971)	(533)	(447,955)	137,766	161	(2)	(1,767,534)
Net residual balance		2,451,044	646	148,695	(64,949)		(468)	2,534,968

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

## Impairment test on assets

According to Technical Pronouncement CPC 01 (R1) (IAS 36), "Impairment of Assets", the items of property, plant and equipment, which present indications that their recorded costs are higher than their recoverable values (market value), are reviewed to determine the need for a provision to reduce the carrying value balance to its realizable value. Management performed an annual analysis of the corresponding operational and financial performance of its assets and did not identify changes in circumstances or signs of technological obsolescence. As of December 31, 2022 and 2021, there was no need to record any provision for impairment of its property, plant and equipment assets.

## Management notes to the financial statements

as of December 31, 2022

In thousands of Brazilian reais, except when otherwise indicated

## 11 Loans and financing

		Parent company/Consolidated	
Type	Financial charges	2022	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.	368,120	359,400
6th debenture issuance	CDI + 2.50% p.a.	1,875,496	1,863,086
7th debenture issuance	CDI + 1.65% p.a.	303,219	301,778
8th debenture issuance	CDI + 1.5% p.a.	516,238	
		<u>3,063,073</u>	<u>2,781,069</u>
Loans and financing			
Safra Loan	CDI + 2.80% p.a.	224,791	201,168
FINEP loan	6% p.a.	745	1,869
Itaú CCB Loan	CDI + 2.70% p.a.		153,363
Bradesco CCB Loan	CDI + 2.70% p.a.		368,662
Banco do Brasil CCB Loan	CDI + 1.85% p.a.		100,675
		<u>225,536</u>	<u>825,737</u>
In foreign currency			
Citibank Loan	1.18*(SOFRUSD + 0.90%(L))	240,819	455,388
		<u>3,529,428</u>	<u>4,062,194</u>
Current liability		279,726	972,835
Non-current liability		<u>3,249,702</u>	<u>3,089,359</u>
		3,529,428	4,062,194

Activity in loans and debentures presented below comprise the periods ended December 31, 2022 and 2021:

	Parent company/Consolidated	
	2022	2021
<b>Initial Balance</b>	<b>4,062,194</b>	<b>3,503,749</b>
Funding	733,156	2,633,680
Interest, monetary variation	553,787	246,704
Foreign exchange variance (Swap)	(1,502)	(157,808)
Interest paid	(506,226)	(209,594)
Principal amortization	(1,308,683)	(1,940,248)
Loan funding costs	(3,298)	(14,289)
<b>Final Balance</b>	<b>3,529,428</b>	<b>4,062,194</b>

The amounts recorded in non-current liability as of December 31, 2022 and 2021, present the following maturities schedule:

	Parent company/Consolidated	
	2022	2021
2023		770,039
2024	704,962	272,695
2025	1,021,513	1,022,248
As of 2026	<u>1,523,227</u>	<u>1,024,377</u>
Non-current liability	<u>3,249,702</u>	<u>3,089,359</u>

**Management notes to the financial statements**

**as of December 31, 2022**

**In thousands of Brazilian reais, except when otherwise indicated**

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

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

**In 2022:**

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

The Company settled from the CCB, contracted with Banco do Brasil, with the principal value 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 value of BRL 250 million of Brazilian Reais of the first Series of the fifth simple debenture issuance, not convertible into shares, of the unsecured type, at its maturity date, i.e., February 15, 2022.

- March: The Company concluded the renegotiation of CCB with Banco Safra in the principal value of BRL 200 million, which would mature on September 13, 2022. The new transaction started on the same date, with a single amortization on May 29, 2024, with annual interest payment, at CDI + spread costs.
- September: The Company completed the eighth debenture issuance in the total value of BRL 500,000, with maturity on September 23, 2027, in a single series, at a cost of 100% of the CDI + 1.50% p.a., with the first principal amortization on September 23, 2026, in the value of BRL 200,000, and the second principal amortization on September 23, 2027, in the value of BRL 300,000.

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

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

**In 2021:**

- January: The Company decided with Citibank to roll the second loan of line 4131 for a total of USD 40 million (converted to BRL 210,000 according to the quote equivalent to the date) with a single principal amortization on January 19, 2022, at the cost of Libor + 1.46% p.a.
- February: the Company fully settled the first series of the third issuance of Promissory Notes to Banco Itaú in the value of BRL 364,977. Also, the Company fully settled two CCBs contracted with Santander bank in the value of BRL 100,438 and BRL 506,706. And the first financing number 4131 with Citibank was BRL 545,179.

The Company completed the sixth debenture issuance in the total value of BRL 1,850,000 with maturity 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 value of BRL 925,000, and the second principal amortization on February 19, 2026, in the value of BRL 925,000.

- April: The Company fully settled the CCB contract with Banco ABC in the value of BRL 51,475.
- November: the Company concluded the contracting of the fourth loan of line 4131 with Citibank in the amount of USD 80 million (converted to BRL 447,600 in the 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 second loan of line 4131 with Citibank in the value of BRL 226,372 and the 3rd loan of line 4131 in the value of BRL 145,104, and CCB together with Citibank in the value of BRL 76,138.

**Management notes to the financial statements****as of December 31, 2022**

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The Company completed the seventh debenture issuance in the total value of BRL 300.000 with maturity 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 November 29, 2024, in the value of BRL 100,000, the second principal amortization on November 28, 2025, in the value of BRL 100,000, and the third principal amortization on November 27, 2026, in the value of BRL 100,000.

**12 Leases 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 contracts, including the operational ones, and certain short-term or small amount contracts may be out of scope.

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

Contracts:	DI X Pre Curve	Risk premium	Yduqs Rate	Month Rate
0 to 5 years	12.59%	105.00%	13.22%	1.10%
5 to 10 years	12.47%	105.00%	13.09%	1.03%
10 to 15 years	12.45%	105.00%	13.07%	1.03%
15 to 30 years	12.43%	105.00%	13.05%	1.03%

Lease contracts are secured by the underlying assets.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
Leases payable	2,231,030	2,123,400
Lease interest	(719,961)	(678,519)
	<b>1,511,069</b>	<b>1,444,881</b>
Current liability	232,020	221,562
Non-current liability	1,279,049	1,223,319
	<b>1,511,069</b>	<b>1,444,881</b>

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

Changes in leasing assets and liabilities in the fiscal year:

Right of use assets

	<b>Consolidated</b>		
	<b>Buildings from third parties</b>	<b>Others</b>	<b>Total</b>
Right of use assets in 2021	1,284,329	12,652	1,296,981
Additions by acquisitions	162		162
Additions	320,148	7,053	327,201
Write-offs	(48,298)	272	(48,570)
Depreciation	(259,721)	(9,849)	(269,570)
Right of use assets in 2022	<b>1,296,620</b>	<b>9,584</b>	<b>1,306,204</b>

Lease liabilities

	<b>Consolidated</b>		
	<b>Buildings from third parties</b>	<b>Others</b>	<b>Total</b>



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Right of use liabilities in 2021	1,432,270	12,611	1,444,881
Additions by acquisitions	162		162
Additions	320,434	7,225	327,659
Write-offs	(54,692)	(442)	(55,134)
Interest incurred	142,598	779	143,377
Payments	(339,527)	(10,350)	(349,877)
Right of use liabilities in 2022	<u>1,501,245</u>	<u>9,824</u>	<u>1,511,069</u>
Current	(227,408)	(4,612)	(232,020)
Non-current	<u>(1,273,837)</u>	<u>(5,212)</u>	<u>(1,279,049)</u>
	<u>(1,501,245)</u>	<u>(9,824)</u>	<u>(1,511,069)</u>

Right of use assets

	<b>Consolidated</b>		
	<b>Buildings from third parties</b>	<b>Others</b>	<b>Total</b>
Right of use assets in 2020	1,236,338	17,319	1,253,657
Additions	369,079	3,814	372,893
Write-offs	(62,329)	(145)	(62,474)
Depreciation	<u>(258,759)</u>	<u>(8,336)</u>	<u>(267,095)</u>
Right of use assets in 2021	<u>1,284,329</u>	<u>12,652</u>	<u>1,296,981</u>

Lease liabilities

	<b>Consolidated</b>		
	<b>Buildings from third parties</b>	<b>Others</b>	<b>Total</b>
Right of use liabilities in 2020	1,333,325	17,999	1,351,324
Additions	369,079	3,813	372,892
Write-offs	(68,768)	(556)	(69,325)
Interest incurred	123,269	523	123,792
Payments	<u>(324,635)</u>	<u>(9,168)</u>	<u>(333,802)</u>
Right of use liabilities in 2021	<u>1,432,270</u>	<u>12,611</u>	<u>1,444,881</u>
Current	214,572	6,991	221,562
Non-current	<u>1,217,698</u>	<u>5,620</u>	<u>1,223,319</u>
	<u>1,432,270</u>	<u>12,611</u>	<u>1,444,881</u>

**13 Salaries and social charges**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Salaries, indemnity amounts, and social charges payable	313	741	95,517	146,218
Provision for vacation			<u>42,315</u>	<u>59,913</u>
	<u>313</u>	<u>741</u>	<u>137,832</u>	<u>206,131</u>

**14 Tax obligations**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
ISS (Services Tax) payable	31	28	31,034	30,194
IRRF payable	163	312	27,844	49,176
PIS and COFINS payable	1,298	14,554	5,381	19,554
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) payable			5,653	6,538
Other taxes payable			<u>12</u>	<u>92</u>

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
2023		3,735
2024	3,534	2,925
2025	1,644	1,473
2026 to 2029	2,343	1,967
	7,521	10,100

	Consolidated	
	2022	2021
SÃO LUIS		10,391
FARGS	4,102	
CEUT	3,586	3,085
UNITOLEDO	2,775	15,685
ADTALEM	16,409	25,963
ATHENAS GRUPO EDUCACIONAL	48,226	58,821
QCONCURSOS (i)	28,125	31,326
WEMED ("HARDWORK")	7,241	
	110,464	145,271
Acquisition of real estate properties (ii)	1,016	959
	111,480	146,230
Current liability	67,292	49,096
Non-current liability	44,188	97,134
	111,480	146,230

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

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

The amounts recorded in non-current liability as of December 31, 2022 and 2021, present the following maturities schedule:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
2023		64,619
2024	14,771	6,280
2025 to 2026	29,418	26,235
	<u>44,188</u>	<u>97,134</u>

**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, made a provision for amounts considered sufficient to cover potential losses from pending litigation.

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

	<b>Consolidated</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Contingencies</b>	<b>Legal deposits</b>	<b>Contingencies</b>	<b>Legal deposits</b>
Civil	54,940	27,155	54,045	35,956
Labor	111,179	50,884	129,715	49,730
Tax-Related	54,300	11,072	37,714	14,933
	<u>220,419</u>	<u>89,111</u>	<u>221,474</u>	<u>100,619</u>

In the fiscal year ended December 31, 2022, the parent company has no provisions for contingencies (BRL 448 in the fiscal year ended December 31, 2021, of which BRL 50 civil and BRL 398 tax) and on December 31, 2022, the value of BRL 312 refers to the parent company's legal deposits (BRL 247 in the fiscal year ended December 31, 2021).

The activity in the provision for contingencies is shown below:

	<b>Civil</b>	<b>Labor</b>	<b>Tax-Related</b>	<b>Total</b>
Balance in 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 payments	(61,157)	(57,900)	(6,278)	(125,335)
Adjustment for inflation	14,117	20,717	5,258	40,092
Balance in 2021	54,045	129,715	37,714	221,474
Additions	33,634	64,688	12,453	110,775

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Reversals	(14,065)	(16,978)	(3,268)	(34,311)
Write-offs for payments	(30,399)	(85,443)	(368)	(116,210)
Adjustment for inflation	11,725	19,197	7,769	38,691
Balance in 2022	<u>54,940</u>	<u>111,179</u>	<u>54,300</u>	<u>220,419</u>

In the fiscal years ended December 31, 2022 and 2021, expenses with the provision for contingencies, recognized in the statement of profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Income breakdown		
Additions	110,775	91,796
Reversals	(34,311)	(31,921)
Adjustment for inflation	38,691	40,092
Provision for contingencies	<u>115,155</u>	<u>99,967</u>
General and administrative expenses (Note 25)	(76,464)	(59,875)
Financial income (Note 27)	<u>(38,691)</u>	<u>(40,092)</u>
	<u>(115,155)</u>	<u>(99,967)</u>

**(a) Civil**

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

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

<u>Subject-Matters</u>	<u>Values</u>
Success Fees	15,372
Undue Collection	11,438
Pain and Suffering / Pecuniary Damage	9,941
Real Estate Property	6,928
Enrollment	1,913
Issuance of Certificates of Completion/Diplomas and Graduation	1,906
FIES	1,749
Procon Fine	1,000
Monthly Fee	634
Course Accreditation and Cancellation	582
PROUNI	241
Internship	159
System Access	19
Others (i)	3,058
	<u>54,940</u>

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

**(b) Labor**

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

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

<u>Subject-Matters</u>	<u>Values</u>
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Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period	41,981
Overtime + Elimination of Breaks During and Between Shifts	19,001
Employer's Social Security Payment	9,102
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	6,624
Deviation from Agreed Position and Pay Parity	6,523
Fees	6,133
Income tax / Interest and Adjustment for Inflation	5,832
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	4,804
Success Fees	4,044
Vacation	2,649
Pain and Suffering/ Pecuniary Damage/ Moral Harassment	2,123
Stability	35
Others (i)	2,328
	<b>111,179</b>

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

**(c) Tax-Related**

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

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

<b>Subject-Matters</b>	<b>Values</b>
ISS (Municipal Service Tax)	28,164
Success Fees	11,922
Miscellaneous fines	5,111
IPTU (Urban Real Estate Property Tax) / Jurisdiction / IPVA (Tax on Vehicles)	4,831
Social Security Contribution	2,337
PIS (Social Integration Program) / COFINS (Social Contribution on Billings)	1,573
Sewage Charges / Fees	362
	<b>54,300</b>

**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.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
Civil	248,690	239,286
Labor	649,391	548,790
Tax-Related	922,404	984,472
	<b>1,820,485</b>	<b>1,772,548</b>

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

<b>Civil Matter</b>	<b>Values</b>
Real Estate Property	105,371

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Pain and Suffering / Pecuniary Damage	50,624
Undue Collection	21,972
FIES	5,809
Course Accreditation and Cancellation	3,371
Enrollment	2,652
Issuance of Certificates of Completion/Diplomas and Graduation	2,482
Monthly Fee	2,456
Procon Fine	916
PROUNI	221
System Access	76
Internship	55
Others (i)	52,685
	<b>248,690</b>

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

<b>Labor Matters</b>	<b>Values</b>
Salary and severance differences + decrease in working hours + FGTS + notice period + compensation	224,528
Overtime + Elimination of Breaks During and Between Shifts	100,812
Reinstatement	164,619
Fees	39,345
Pain and Suffering/ Pecuniary Damage/ Moral Harassment	24,072
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	27,688
Employer's Social Security Payment	12,686
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	11,616
Deviation from Agreed Position and Pay Parity	4,233
Vacation	12,912
Work and Social Security Card (CTPS) Rectification + Indirect Termination + Employment Relationship Recognition	2,361
Stability	456
Others (i)	24,063
	<b>649,391</b>

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

<b>Tax Matter</b>	<b>Values</b>
ISS (Municipal Service Tax)	768,809
Contribution to the Social security / FGTS	111,509
IRPJ / CSLL / IRRF	22,920
IPTU (Urban Real Estate Property Tax) / Jurisdiction / IPVA (Tax on Vehicles)	8,527
PIS (Social Integration Program) / COFINS (Social Contribution on Billings)	2,648
Sewage Charges / Fees	1,654
Miscellaneous Fines	1,243
Others	5,094
	<b>922,404</b>

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 affect our equity, our financial capacity or our business, or those of our subsidiaries.

#### Labor:

- (i) Labor lawsuit filed by the Labor Prosecution Office, against Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), through which the following is discussed: (i) nullity of waivers occurring between November 2017 to December 2018; (ii) the reinstatement of workers dismissed in the period; (iii) declaration of unconstitutionality of Article 477-A, of the CLT; (iv) condemnation of the defendants in the obligation not to carry out new collective dismissals without prior collective bargaining; (v) application of a fine; (vi) individual and collective non-pecuniary damage. Claims were partially granted in the judgment to: (i) declare the unconstitutionality of Article 477-A, of the CLT; (ii) declare the nullity of the collective dismissal that occurred at the end of 2017; (iii) convict the company to individual and collective non-pecuniary damages. The request for reinstatement of professors dismissed in

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2018 was dismissed. The TRT overruled 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 157.8 million, and, for this reason, we consider the process relevant due to the amount and complexity of the matter. Our external advisors understand the chance of loss to be 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. Of the three Tax Foreclosures received, only one remains in progress. Therein, the requests of SESES were judged partially valid, to recognize that the initial date of the scaling of the rate is the date of the corporate transformation. Thus, part of the collection of the debt by the National Treasury was considered undue. The appeal filed by SESES is awaiting judgment, and the Enforcement is fully guaranteed by a guarantee insurance policy. In view of the recent write-off of contingencies, the restated value involved is BRL 3,549.
- (ii) Tax assessment notices were received against SESES for alleged non-performance of the principal tax liability for the period from February to December 2007. The Company appealed requesting the cancellation of the tax assessment notices claiming that they were clearly groundless. The appeal was partially accepted and considered the percentage of the employer's contributions at the rate of 20% from the month in which the Company changed from a non-profit entity to a company. The National Treasury filed a Tax Foreclosure to collect the respective debt. SESES filed a Motion against the Tax Foreclosure, the National Treasury filed its contestation and SESES submitted its rebuttal. The expert analysis began and the judgment by the trial court is currently pending. The total value involved is BRL 26,564.

**ISS - Tax on services:**

- (i) A Tax Foreclosure was received against Sociedade Tecnopolitana da Bahia Ltda. (STB), acquired by IREP in June 2010, due to the lack of payment of ISS during the period of 2007 to February 2011. The assessment resulted from due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. In June 2021, an order was issued summoning the parties to specify the evidence they intend to produce. In response, the company specified evidence, while the Municipality stated that it had no interest in the production. Judgment by the trial court is pending. The total value involved is BRL 28,231.
- (ii) Action for Annulment filed by SESES against the Municipality of Vila Velha, aiming at canceling ISS debits, resulting from the accusation that they have been allegedly paid or retained in lower amounts in the period of 2006 and 2013. The defense is based on the following arguments (i) partial statute of limitation; (ii) material nullity; and (iii) errors in setting the ISS tax base since they were considered values to correspond to scholarships awarded and enrollments canceled. At the moment, we are awaiting the completion of the expert evidence, the purpose of which is to prove item (iii). In February 2021, the expert evidence was completed in favor of SESES. After the summons of the parties, Estácio filed a statement agreeing with the expert report terms. The Municipality requested clarifications. The completion of the expert work is pending. The total value involved is BRL 20,021.
- (iii) Tax Foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from July 2012 to November 2013, due to differences in the establishment of the tax basis (deductibility of scholarships from the tax base of ISS). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. After appointment of the accounting expert and appointment of the respective retained experts. The company is waiting for the expert's opinion. The total value involved is BRL 16,707.
- (iv) 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 values intended for unconditional discounts arising from scholarships in the tax base. Motion against the Tax Enforcement were

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filed with a request for recognition of the statutes 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 trial court is pending. The total value involved is BRL 17,065.

- (v) 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, the period in which it was immune, as well as ISS on scholarships studies granted under PROUNI, in the period between February 2007 and July 2009, and collection of ISS due as a tax responsible, in the period from January 2005 to May 2009, arising from services provided by guard and surveillance companies and real estate property maintenance and cleaning companies. On June 29, 2021, an injunction was issued to suspend the enforceability of the tax credit, and, as a result, the objection was filed by the Municipality of Rio de Janeiro. After, SESES filed a 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 value involved is BRL 511,137.
- (vi) A Tax Foreclosure filed by the Municipality of Petrópolis was received referring to alleged ISS credits from the calculation periods from December 2015 to December 2019, presumably due to the non-payment of the respective tax when transmitting a class in the DL modality, as well as the use of the SESES support unit in the municipality. Motion against the Tax Enforcement were filed and the conclusion for a decision is awaited. The total value involved is BRL 31,918.

**18 Equity**
**(a) Share Capital**

The share capital may be increased by the Board of Directors, regardless of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As of December 31, 2022, the share capital is represented by 309,088,851 common shares.

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

Shareholders	Common shares			
	2022	%	2021	%
Managers and directors	1,173,929	0.4	1,118,561	0.4
Rose Fundo de Investimento	43,398,873	14.0	33,319,073	10.8
Vontobel			15,923,572	5.2
Schroder Investment Management	20,781,076	6.7	19,503,153	6.3
Família Zaher	33,342,000	10.8	23,219,500	7.5
Wellington Management			15,525,425	5.0
Treasury	18,896,806	6.1	6,976,267	2.3
Free float	191,496,167	62.0	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 fiscal year ended December 31, 2022.

**(c) Treasury shares**



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

	<u>Number</u>	<u>Average cost</u>	<u>Balance</u>
Treasury shares in 2021	6,976,267	23.00	160,478
Payment of SOP, ILP and cancellation with treasury shares (Note 18 d.3)	(353,561)	17.33	(6,151)
Buy back of shares	<u>12,274,100</u>	<u>16.35</u>	<u>200,653</u>
Treasury shares in 2022	<u>18,896,806</u>	<u>18.79</u>	<u>354,980</u>

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

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

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

	<u>Parent company</u>	
	<u>2022</u>	<u>2021</u>
Tax reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on share subscription	<u>498,899</u>	<u>498,899</u>
	<u>595,464</u>	<u>595,464</u>

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

The goodwill on the share issuance is comprised as follows:

	<u>2022</u>
Subscription of 17,853,127 shares	(23,305)
Value paid for the 17,853,127 shares	<u>522,204</u>
Goodwill on share issuance	<u>498,899</u>

**(d.2) Granted options**

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

**(d.3) Goodwill and negative goodwill on the sale of treasury shares**

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

The negative goodwill on the sale of treasury shares is represented as follows as at December 31, 2022 and 2021:

<u>Number</u>	<u>Disposal</u>	<u>Negative</u>
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	<u>of shares</u>		<u>Value paid</u>	<u>Goodwill</u>
Negative goodwill in 2021	2,839,280	49,113	36,704	12,141
SOP payment in 2022	2,300	32	32	
Negative goodwill in 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**

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

**(e.2) Retained earnings reserve**

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

**(f) Equity valuation adjustment**

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

**(g) Dividends**

The by-laws of the Company sets forth a minimum mandatory dividend equivalent to 25% of the net income for the fiscal year, adjusted by the legal reserve set up according to the provisions of the corporation law.

On December 31, 2022, the Company recorded a loss, and on December 31, 2021, the presentation of dividends and their respective changes in the fiscal year are:

	<u>Parent company</u> <u>2021</u>
Parent company's net income for the fiscal year	158,171
Constitution of the legal reserve (Article 193 of Law No. 6,404)	(7,908)
Net income after appropriation of legal reserve	150,263
Mandatory minimum dividends - 25%	<u>37.566</u>
Number of shares on December 31	309,088,851
Treasury shares amount on December 31	<u>(6,976,267)</u>
Dividend per outstanding share - in Brazilian reais	<u>0.1243</u>

**19 Financial instruments and sensitivity analysis of financial assets and liabilities**

Market values of financial assets and liabilities were determined based on available market information and valuation methodologies appropriate for each situation. However, considerable judgment was necessary to interpret market balances in order to produce the most appropriate realizable value estimate. Consequently, the

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estimates presented herein do not necessarily indicate the amounts that could be realized in the currency exchange market. The use of different market information and/or valuation methodologies may have a relevant effect on the value of the market value.

The Company's assets and liabilities financial instruments as of December 31, 2022, are recorded in equity accounts in values compatible to those practiced in the market.

**(a) Cash and cash equivalents and securities**

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

**(b) Loans and financing**

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

**(c) Trade receivables**

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

**(d) Derivative financial instruments**

Although the derivative transaction is intended to protect the Company from fluctuations arising from its exposure to foreign exchange risk, it was decided not to adopt the hedge accounting methodology. Thus, the Swap transaction, on December 31, 2022, presented a negative fair value of BRL 4,543 as a corresponding entry to the income.

We present below the information related to the derivatives financial instruments held by the Company as of December 31, 2022, recorded at fair value with effect on income:

							Market Value (BRL M)		
Swap Contracts	Principal Contracted (USD)	Principal Contracted (BRL)	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Assets	Liability	Gross Income
Citibank	44,000,000	233,156,000	1.18*(SOFRU SD+0.90%)	CDI (Interbank Deposit Certificate) + 1.20%	Feb 02, 2022	Feb 01, 2024	238,523	231,684	(6,839)
<b>Total</b>							238,523	231,684	(6,839)

**(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:

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	<u>2022</u>	<u>2021</u>
Financial Instruments at fair value through profit or loss		
Financial investments	763,576	1,766,511
(-) Derivative financial instruments - Swap	<u>(240,819)</u>	<u>(455,388)</u>
	<u>522,757</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 a significant effect on the fair value that is not based on observable market input.

In the fiscal year ended December 31, 2022, there were no transfers arising from fair value measurements levels 1 and 2, nor inside level 3

**19.2 Financial risk factors**

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

**(a) Credit risk**

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

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

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

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

**(b) Interest rate risk**

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

**(c) Exchange rate risk**

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

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**(d) Liquidity risk**

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

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

The table below analyzes the Group's financial liabilities, by maturity ranges, corresponding to the remaining period of the reporting date of the balance sheet until the contractual maturity date. The values presented in the undiscounted are the contracted cash flows.

	<b>Consolidated</b>			
	<b>Less than one year</b>	<b>Between one and two years</b>	<b>Between two and five years</b>	<b>More than five years</b>
In 2022				
Suppliers	227,561			
Loans	686,127	1,171,725	2,983,297	
Financial lease obligations	232,020	399,508	393,260	1,242,216
Commitments payable	67,292	15,846	36,114	
In 2021				
Suppliers	183,525			
Loans	1,350,029	1,160,083	2,825,536	
Financial lease obligations	221,562	391,445	494,396	1,165,653
Commitments 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 balance sheet.

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

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

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

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

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

With the purpose to verify the sensitivity of the index for the financial investments to which the Group was exposed on the base date of December 31, 2022, three different scenarios were defined. Based on the CDI rate officially published by CETIP on December 31, 2022, (13.65% 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.

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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 December 31, 2022, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

Scenario for CDI increase				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments BRL 701,519	CDI (Interbank Deposit Certificate)	13.65% BRL 95,757	17.06% BRL 119,697	20.48% BRL 143,636
Debentures V - 2nd Q BRL 368,381	CDI+0,79%	13.74% BRL 50,562	17.15% BRL 63,130	20.57% BRL 75,698
CCB – Safra BRL 224,664	CDI + 2.18%	16.13% BRL 36,287	19.61% BRL 44,133	23.10% BRL 51,978
Citibank (44MM USD) BRL 238,523	CDI + 1.20%	15.01% BRL 35,811	18.47% BRL 44,049	21.91% BRL 52,286
Debentures VI BRL 1,876,496	CDI + 2.50%	16.49% BRL 310,683	19.99% BRL 376,579	23.49% BRL 442,475
Debentures VII BRL 303,978	CDI + 1.65%	15.53% BRL 47,197	18.99% BRL 57,742	22.46% BRL 68,287
Debentures VIII BRL 516,238	CDI + 1.50%	15.35% BRL 79,691	18.82% BRL 97,668	22.28% BRL 115,644
<b>Net position</b>		<b>BRL (464,474)</b>	<b>BRL (563,603)</b>	<b>BRL (662,733)</b>

Scenario for CDI decrease				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments BRL 701,519	CDI (Interbank Deposit Certificate)	13.65% BRL 95,757	10.24% BRL 71,708	6.83% BRL 47,879
Debentures V - 2nd Q BRL 368,381	CDI + 0.79%	13.74% BRL 50,562	10.32% BRL 37,994	6.91% BRL 25,427
CCB – Safra BRL 224,664	CDI + 2.18%	16.13% BRL 36,287	12.64% BRL 28,442	9.15% BRL 20,596
Citibank (44MM USD) BRL 238,523	CDI + 1.20%	15.01% BRL 35,811	11.56% BRL 27,574	8.11% BRL 19,337
Debentures VI BRL 1,875,496	CDI + 2.50%	16.49% BRL 310,683	12.99% BRL 244,787	9.50% BRL 178,891
Debentures VII BRL 303,978	CDI + 1.65%	15.53% BRL 47,197	12.06% BRL 36,652	8.59% BRL 26,106
Debentures VIII BRL 516,238	CDI + 1.50%	15.35% BRL 79,691	11.89% BRL 61,715	8.43% BRL 43,738
<b>Net position</b>		<b>BRL (464,474)</b>	<b>BRL (365,345)</b>	<b>BRL (266,216)</b>

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

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The sensitivity analysis related to foreign exchange risk refers to the position on December 31, 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 of the probable scenario the exchange rate at the end of 2022 disclosed in the last Focus Report - BACEN prior to the end of the fiscal year. Based on the probable exchange rate, scenarios of deterioration of 25% and 50% of the risk variable are generated.

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

Transactions	Risk	Scenario for dollar increase		
		Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg 236,836	Exchange rate	5.62 255,097	7.03 318,871	8.43 382,645
Debt in USD 241,379	Exchange rate	5.62 259,990	7.03 324,987	8.43 389,985
Net position		(4,893)	(6,117)	(7,340)

**(f) Capital Management**

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

	Consolidated	
	2022	2021
Loans and financing (Note 11)	3,529,428	4,062,194
Leases (Note 12)	1,511,069	1,444,881
Acquisition price payable (Note 16)	111,480	146,230
(-) Cash and cash equivalents and securities (Note 3)	(785,831)	(1,814,240)
Net debt	4,366,146	3,839,065
Equity	2,960,059	3,241,584
Net debt on equity	1.48	1.18

**(g) Offsetting of financial instruments**

There are no material financial assets and liabilities subject to contractual offsetting as of December 31, 2022, and December 31, 2021.

**20 Insurance coverage**

The Company and its subsidiaries has a risk management program that seeks to limit the risks, and searching the market for coverage compatible with its size and operation. The insurance coverage was contracted for the amounts indicated below, considered sufficient by Management to cover possible claims, considering the nature of its activity, the risks involved in its operations and the guidance of its insurance consultants.

The Company and its subsidiaries have the following main insurance policies contracted with third parties:

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	<b>Amounts insured</b>	
	<b>2022</b>	<b>2021</b>
Civil liability of officers	80,000	80,000
Civil liability	30,000	17,700
Property insurance (i)	141,000	130,106
Cyber Risk Insurance	20,000	40,000
Group Life	1,620,000	1,015,361

(i) Corresponds to buildings, improvements, furniture, machinery, materials and utensils, goods and raw materials.

## 21 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, 2022, established a monthly global compensation limit to the Administrators (Board of Directors, Audit Committee and Executive Board) of the Company.

In the fiscal years ended December 31, 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 51,483 and BRL 49,283, respectively. Remunerations are within the limits approved at the corresponding shareholders' meetings.

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

### (b) Shares call option plan

In the Annual General Meeting held on September 12, 2008, the shareholders approved a Company's Shares Call Option Plan ("Plan") to the administrators, employees, and service providers of the Company ("beneficiaries"). The Plan is administrated by the Plan Management Committee, created by the Board of Directors, specifically for this purpose during the meeting held on July 1, 2008. The Committee is responsible for creating an option program of acquisition of shares and granting to the Beneficiaries (reviewed from time to time) the options and specific applicable rules, always subjecting them to the general rules of the 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 don't have a stockpile available (programs of first to fifth and ninth), all the other programs (sixth to eighth, tenth, 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 sixth Program, the creation of the seventh Program was approved, with the issue price of the shares to be acquired of BRL 23.60, 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 seventh Program, the creation of the eighth Program was approved, with the issue price of the shares to be acquired of BRL 13.15, with its value plus an 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 eighth Program, the creation of the ninth Program was approved, with the issue price of the shares to be acquired of BRL 10.8), 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 ninth Program, the creation of the tenth Program was approved, with the issue price of the shares to be acquired of BRL 15.12, 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 tenth Program, the creation of the 11th Program was approved, with the issue price of the shares to be acquired of BRL 14.18, 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 December 31, 2022, the number of granted options, which were exercised accumulated from all programs, was 13,434,662 shares (BRL 116,870), of which 11,218,904 shares from closed programs and 2,215,758 shares from active programs. The total number of shares granted, less the forfeited shares is 16,901,902 shares (BRL 156,902), of which 12,042,223 shares of closed programs and 4,859,679 shares of active programs.

Granted options programs with a balance of shares to be exercised:

Programs	Granted	Forfeited Options	Abandoned Options	Issued	Balance of Shares
6P	5,090,000	2,247,000	1,919,845	866,714	56,441
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	20,255	350,705	64,540
<b>Overall Total</b>	<b>9,058,789</b>	<b>4,199,110</b>	<b>2,431,180</b>	<b>2,215,758</b>	<b>212,741</b>

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

	<u>Shares exercised</u>
December 31, 2018	12,842,762
March 31, 2019	12,901,362
June 30, 2019	13,181,276
September 30, 2019	13,203,276
December 31, 2019	13,208,276
March 31, 2020	13,229,276
June 30, 2020	13,229,276
September 30, 2020	13,359,572
December 31, 2020	13,359,572
March 31, 2021	13,359,572
June 30, 2021	13,434,662
September 30, 2021	13,434,662
December 31, 2021	13,434,662
March 31, 2022	13,434,662
June 30, 2022	13,441,762
September 30, 2022	13,441,762
December 31, 2022	13,434,662

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

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Program	End of Vesting period	Maturity Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Distribution of Dividends	Risk-free Interest Rate	Fair value	Quantity Forfeited
11th Program Apr17	04/23/2018	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	6.14	13,500
11th Program Apr17	04/23/2019	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	6.84	86,000
11th Program Apr17	04/23/2020	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	7.41	132,500
11th Program Apr17	04/23/2021	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	7.86	135,500
11th Program Apr17	04/23/2022	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	8.26	137,000
11th Program Apr17 Cons.	04/23/2018	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	6.14	25,505
11th Program Apr17 Cons.	04/23/2019	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	6.84	25,505
10th Program Jul16	04/15/2017	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	6.89	2,000
10th Program Jul16	04/15/2018	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	7.89	33,000
10th Program Jul16	04/15/2019	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	8.61	153,000
10th Program Jul16	04/15/2020	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	9.18	183,000
10th Program Jul16	04/15/2021	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	9.64	183,000
10th Program Jul16 Cons.	04/15/2017	07/19/2026	32,890	R\$ 15.12	59.18%	0.00%	12.50%	6.89	0
10th Program Jul16 Cons.	04/15/2018	07/19/2026	32,889	R\$ 15.12	59.18%	0.00%	12.50%	7.89	0
9th Program Apr16	04/15/2017	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	6.02	20,000
9th Program Apr16	04/15/2018	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	6.66	20,000
9th Program Apr16	04/15/2019	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	7.14	80,000
9th Program Apr16	04/15/2020	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	7.52	80,000
9th Program Apr16	04/15/2021	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	7.83	80,000
9th Program Apr16 Cons.	04/15/2017	05/01/2019	450,000	R\$ 11.87	54.57%	0.00%	12.93%	3.17	100,000
9th Program Apr16 Cons.	04/15/2018	05/01/2020	450,000	R\$ 11.87	54.57%	0.00%	12.93%	4.43	100,000
8P Program	04/15/2016	04/15/2026	196,600	R\$ 13.15	28.80%	0.00%	11.99%	5.45	2,000
8P Program	04/15/2017	04/15/2027	196,600	R\$ 13.15	28.80%	0.00%	11.99%	6.42	56,800
8P Program	04/15/2018	04/15/2028	196,600	R\$ 13.15	28.80%	0.00%	11.99%	7.2	81,200
8P Program	04/15/2019	04/15/2029	196,600	R\$ 13.15	28.80%	0.00%	11.99%	7.88	150,200
8P Program	04/15/2020	04/15/2030	196,600	R\$ 13.15	28.80%	0.00%	11.99%	8.47	173,200
7P Program Oct14	04/15/2015	04/15/2025	177,800	R\$ 26.83	28.80%	0.00%	11.99%	8.58	16,000
7P Program Oct14	04/15/2016	04/15/2026	177,800	R\$ 26.83	28.80%	0.00%	11.99%	9.71	37,000
7P Program Oct14	04/15/2017	04/15/2027	177,800	R\$ 26.83	28.80%	0.00%	11.99%	10.64	86,000
7P Program Oct14	04/15/2018	04/15/2028	177,800	R\$ 26.83	28.80%	0.00%	11.99%	11.47	104,400
7P Program Oct14	04/15/2019	04/15/2029	177,800	R\$ 26.83	28.80%	0.00%	11.99%	12.24	135,800
6P Program Aug14	04/15/2015	04/15/2025	60,000	R\$ 29.16	26.68%	0.00%	11.99%	14.48	0
6P Program Aug14	04/15/2016	04/15/2026	60,000	R\$ 29.16	26.68%	0.00%	11.99%	15.1	28,000
6P Program Aug14	04/15/2017	04/15/2027	60,000	R\$ 29.16	26.68%	0.00%	11.99%	15.74	28,000
6P Program Aug14	04/15/2018	04/15/2028	60,000	R\$ 29.16	26.68%	0.00%	11.99%	16.38	28,000
6P Program Aug14	04/15/2019	04/15/2029	60,000	R\$ 29.16	26.68%	0.00%	11.99%	16.98	44,000
6P Program Aug14 Cons.	04/15/2015	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	14.43	0
6P Program Aug14 Cons.	04/15/2016	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	15.02	0
6P Program July14	04/15/2015	04/15/2025	608,000	R\$ 29.94	26.43%	0.00%	11.99%	15.13	0
6P Program July14	04/15/2016	04/15/2026	608,000	R\$ 29.94	26.43%	0.00%	11.99%	15.76	80,000
6P Program July14	04/15/2017	04/15/2027	608,000	R\$ 29.94	26.43%	0.00%	11.99%	16.41	602,000
6P Program July14	04/15/2018	04/15/2028	608,000	R\$ 29.94	26.43%	0.00%	11.99%	17.05	608,000
6P Program July14	04/15/2019	04/15/2029	608,000	R\$ 29.94	26.43%	0.00%	11.99%	17.65	608,000
6P Program July14 Cons.	04/15/2015	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	15.09	0
6P Program July14 Cons.	04/15/2016	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	15.69	0
6P Program Oct13	04/15/2014	04/15/2024	265,000	R\$ 16.82	28.80%	0.00%	11.99%	5.05	5,000
6P Program Oct13	04/15/2015	04/15/2025	265,000	R\$ 16.82	28.80%	0.00%	11.99%	5.79	5,000
6P Program Oct13	04/15/2016	04/15/2026	265,000	R\$ 16.82	28.80%	0.00%	11.99%	6.4	19,000
6P Program Oct13	04/15/2017	04/15/2027	265,000	R\$ 16.82	28.80%	0.00%	11.99%	6.94	88,000
6P Program Oct13	04/15/2018	04/15/2028	265,000	R\$ 16.82	28.80%	0.00%	11.99%	7.43	104,000
5P 3 Program	04/15/2014	04/15/2024	144,000	R\$ 16.16	39.85%	0.00%	11.02%	6.37	0
5P 3 Program	04/15/2015	04/15/2025	144,000	R\$ 16.16	39.85%	0.00%	11.02%	7.02	21,000
5P 3 Program	04/15/2016	04/15/2026	144,000	R\$ 16.16	39.85%	0.00%	11.02%	7.6	102,000
5P 3 Program	04/15/2017	04/15/2027	144,000	R\$ 16.16	39.85%	0.00%	11.02%	8.11	102,000
5P 3 Program	04/15/2018	04/15/2028	144,000	R\$ 16.16	39.85%	0.00%	11.02%	8.58	123,000
4P Program Jan/13	04/15/2014	04/15/2024	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.23	7,200
4P Program Jan/13	04/15/2015	04/15/2025	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.35	7,200
4P Program Jan/13	04/15/2016	04/15/2026	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.48	7,200
4P Program Jan/13	04/15/2017	04/15/2027	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.62	88,200
4P Program Jan/13	04/15/2018	04/15/2028	160,200	R\$ 14.40	33.47%	0.00%	3.90%	8.75	94,200

In compliance with the provisions of the technical pronouncement CPC 10 (R1), the share-based payouts that were open on December 31, 2022 and 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 income, as general and administrative expenses, in the line item personal and social charges. In the fiscal year ended December 31, 2022, a provision of BRL 26 was recognized (BRL 135 in the year ended December 31, 2022). The accumulated provision as of December 31, 2022, is BRL 74,855 (BRL 74,829 as of December 31, 2021).

**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

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

**Executive board**

	2022		2021	
	<u>Average price for the share exercise</u>	<u>Options - thousands</u>	<u>Average price for the share exercise</u>	<u>Options - thousands</u>
January 1	15.81	12,000	13.88	38,000
Exercised	15.81	(12,000)	18.63	(26,000)
			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 the possibility of being the Company's shareholders, thereby encouraging them to optimize all aspects that could value the company in the long term; (c) aligning the interest of the beneficiaries with the shareholders' interest; 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 company under its control may be elected as plan beneficiaries, as defined by the Board of Directors.

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

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

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

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

For the Restricted Shares Granting Plan, the value of the program provision for the fiscal year ended December 31, 2022, is BRL 19,394 (BRL 32,649 on December 31, 2021). The accumulated provision as of December 31, 2022, is BRL 57,802 (BRL 44,503 as of December 31, 2021).

As of December 31, 2022, the number of shares granted and delivered was 3,255,510 shares, and the total shares granted amounted to 9,170,900 shares.

Program	Granted	Additional per Dividends	Additional per Performance	Delivered	Unvested	Cancelled	Forfeited
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**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

1P	1,395,500	90,038	40,825	665,681	116,980	88,101	655,600
1P - Cons	130,000	9,441		139,441			
1P - Esp.	300,000	28,012	16,158	233,774	88,394	22,001	
2P	879,000	17,330	41,500	458,537	220,336	37,422	221,535
2P - Cons	98,000	3,157		94,028		129	7,000
2P - Esp.	100,000	2,436	5,000	60,887	41,377	5,172	
3P	630,000	15,455		565,455			80,000
3P - Cons	98,000				98,000		
3P - Esp.	200,000	5,620		205,620			
4P	100,000	3,074	5,000	61,046		7,028	40,000
5P	80,000	2,760				2,760	80,000
6P	1,389,600	32,394		432,461	578,490	61,321	349,722
7P	445,000	8,903		94,047	141,070	3,786	215,000
8P	460,000	15,870			475,870		
9P	100,000	1,570		40,628	60,942		
10P	1,330,800	19,110		191,155	856,757	65,917	236,081
11P	85,000			12,750	36,000	4,250	32,000
12P	1,350,000				1,292,000		58,000
<b>Overall Total</b>	<b>9,170,900</b>	<b>255,170</b>	<b>108,483</b>	<b>3,255,510</b>	<b>4,006,216</b>	<b>297,887</b>	<b>1,974,938</b>

**22 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**

	<u>2022</u>	<u>2021</u>
Numerator		
Net income (loss) for the fiscal year	(58,244)	158,171
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	<u>294,426</u>	<u>301,723</u>
Net income (loss) per batch of a thousand shares - basic	<u>(0.19782)</u>	<u>0.52423</u>

**(b) Earnings per share - diluted**

	<u>2022</u>	<u>2021</u>
Numerator		
Net income (loss) for the fiscal year	(58,244)	158,171
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	294,426	301,723
Potential increase in the number of shares due to the stock option plan		<u>5</u>
Weighted average of outstanding shares	<u>294,426</u>	<u>301,728</u>
Net income (loss) per batch of a thousand shares - diluted	<u>(0.19782)</u>	<u>0.52422</u>

**23 Net revenue from services provided**

**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
Gross revenues in-class	9,789,702	8,881,447
Deduction from gross revenue	(5,224,762)	(4,490,069)
Grants - scholarships	(4,937,333)	(4,174,923)
Refund of monthly tuition fees and charges	(25,347)	(30,709)
Discounts granted	(54,073)	(81,607)
Taxes	(173,019)	(161,462)
Adjustment to present value – PAR/DIS/Credathenas	(8,247)	(8,185)
FIES (i)	(26,743)	(33,183)
	<b>4,564,940</b>	<b>4,391,378</b>

(i) Refers to FGEDUC and management fees.

**24 Costs of services provided**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
Personnel and social charges	(1,183,792)	(1,201,915)
Electricity, water, gas, and telephone	(48,922)	(38,936)
Rental, condominium fees, and IPTU	(35,686)	(55,230)
Mail and Couriers	(1,846)	(1,873)
Depreciation and amortization	(428,050)	(453,967)
Teaching material	(9,719)	(9,382)
Third-party services - security and cleaning	(64,451)	(58,239)
Others	(210,006)	(182,713)
	<b>(1,982,472)</b>	<b>(2,002,255)</b>

**25 Selling, general and administrative expenses**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Commercial expenses				
Impairment loss on trade receivables (Note 4)			(603,721)	(513,912)
Advertising			(251,241)	(282,873)
Sales and marketing			(116,846)	(97,881)
Others			20,794	(328)
			<b>(951,014)</b>	<b>(894,994)</b>
General and administrative expenses				
Personnel and social charges	(5,469)	(6,078)	(317,874)	(350,941)
Third parties' services	(3,537)	(3,960)	(163,989)	(139,483)
Maintenance and repairs		(149)	(73,589)	(85,361)
Depreciation and amortization	(2)	(34)	(280,492)	(225,045)
Educational agreements			(38,063)	(27,507)
Travel and accommodation	(24)	(2)	(8,378)	(7,426)
Provision for contingencies (Note 17)	284	(116)	(76,464)	(59,875)
Insurance	(7,890)	(12,519)	(10,446)	(14,666)
Transportation	(1)	(5)	(5,635)	(4,280)
Vehicle rental			(5,805)	(4,941)
Others	(264)	(242)	(60,380)	(53,663)
	<b>(16,903)</b>	<b>(23,105)</b>	<b>(1,041,115)</b>	<b>(973,188)</b>

**26 Other operating revenues/expenses**

<b>Parent company</b>	<b>Consolidated</b>
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**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Lease revenues			8,232	4,850
Revenues with agreements	3,021	3,021	7,570	7,216
Gain (loss) on disposal of property, plant and equipment			5,589	15,457
Other operating revenues (expenses)	(159)		5,683	(1,872)
	<u>2,862</u>	<u>3,021</u>	<u>27,074</u>	<u>25,651</u>

**27 Financial income**

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Financial revenues				
Late payment fines and interest			53,796	40,361
Revenues from financial investments	27,360	23,228	183,446	85,117
Derivatives fair value (SWAP) (i)	1,692	111,171	1,692	111,171
Adjustment of tax credits and financial products	6,842	763	(1,833)	26,062
Others	1		3,626	6,365
(-) PIS and COFINS on financial transactions (ii)	(17,398)	(15,425)	(29,223)	(21,822)
	<u>18,497</u>	<u>119,737</u>	<u>211,504</u>	<u>247,253</u>
Financial expenses				
Bank expenses	(792)	(956)	(12,141)	(10,066)
Interest and financial charges	(461,110)	(215,919)	(500,104)	(238,227)
Adjustment of provision for contingencies (Note 17)	163	(83)	(38,691)	(40,092)
Financial deductions (iii)			(91,110)	(101,451)
Negative exchange variation			(26,252)	(15,106)
Derivatives fair value (SWAP) (i)	(190)	15,454	(190)	15,454
Interest on loans (SWAP)	(88,255)	(155,484)	(88,255)	(155,484)
Expenses with loans	(4,447)	(9,032)	(4,447)	(9,032)
Lease interest - Right of use			(143,377)	(124,099)
Others	(2,590)	(129)	(11,563)	(5,113)
	<u>(557,221)</u>	<u>(366,149)</u>	<u>(916,130)</u>	<u>(683,216)</u>

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

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

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

**28 Income by business segment**

**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

	<b>2022</b>			
	<b>In-class courses</b>	<b>Digital</b>	<b>Premium</b>	<b>Total</b>
Gross Revenue	5,296,988	3,226,727	1,265,987	9,789,702
Deductions	(3,212,097)	(1,824,714)	(187,951)	(5,224,762)
<b>Net revenue (Note 23)</b>	<b>2,084,891</b>	<b>1,402,013</b>	<b>1,078,036</b>	<b>4,564,940</b>
Costs of the Services Provided (Note 24)	(915,681)	(284,616)	(354,125)	(1,554,422)
Personnel and social charges	(788,922)	(70,539)	(324,331)	(1,183,792)
Rental, condominium fees, and IPTU	(24,943)	(390)	(10,352)	(35,685)
Mail and Couriers	(919)	(668)	(259)	(1,846)
Teaching material	(7,638)	(39)	(2,042)	(9,719)
Third parties' services and others	(93,259)	(212,980)	(17,141)	(323,380)
Depreciation and amortization (Note 24)	(331,642)	(24,707)	(71,701)	(428,050)
<b>Gross income</b>	<b>837,568</b>	<b>1,092,690</b>	<b>652,210</b>	<b>2,582,468</b>
Selling expenses (Note 25)	(486,292)	(370,030)	(94,692)	(951,014)
General and administrative expenses (Note 25)	(362,663)	(225,086)	(172,874)	(760,623)
Depreciation and amortization (Note 25)	(135,134)	(88,041)	(57,317)	(280,492)
Other Revenues/Expenses (Note 26)	18,777	6,344	1,953	27,074
<b>Operating income</b>	<b>(127,744)</b>	<b>415,877</b>	<b>329,280</b>	<b>617,413</b>

	<b>2021</b>			
	<b>In-class courses</b>	<b>Digital</b>	<b>Premium</b>	<b>Total</b>
Gross Revenue	5,160,957	2,716,606	1,003,884	8,881,447
Deductions	(2,914,816)	(1,401,141)	(174,112)	(4,490,069)
<b>Net revenue (Note 23)</b>	<b>2,246,141</b>	<b>1,315,465</b>	<b>829,772</b>	<b>4,391,378</b>
Costs of the Services Provided (Note 24)	(974,270)	(269,165)	(304,853)	(1,548,288)
Personnel and social charges	(829,205)	(89,488)	(283,222)	(1,201,915)
Rental, condominium fees, and IPTU	(45,948)	470	(9,752)	(55,230)
Mail and Couriers	(994)	(740)	(139)	(1,873)
Teaching material	(7,854)	(9)	(1,519)	(9,382)
Third parties' services and others	(90,269)	(179,398)	(10,221)	(279,888)
Depreciation and amortization (Note 24)	(371,765)	(16,821)	(65,381)	(453,967)
<b>Gross income</b>	<b>900,106</b>	<b>1,029,479</b>	<b>459,538</b>	<b>2,389,123</b>
Selling expenses (Note 25)	(521,784)	(322,297)	(50,913)	(894,994)
General and administrative expenses (Note 25)	(418,818)	(215,387)	(113,938)	(748,143)
Depreciation and amortization (Note 25)	(113,210)	(77,740)	(34,095)	(225,045)
Other Revenues/Expenses (Note 26)	17,230	5,176	3,245	25,651
<b>Operating income</b>	<b>(136,476)</b>	<b>419,231</b>	<b>263,837</b>	<b>546,592</b>

## Management notes to the financial statements

as of December 31, 2022

In thousands of Brazilian reais, except when otherwise indicated

## 29 Income tax and social security contribution

The reconciliation of taxes calculated, according to nominal rates, and the value of taxes recorded in the fiscal years ended December 31, 2022 and 2021, are presented below:

	Parent company		Consolidated	
	2022	2021	2022	2021
Profit (Loss) before income tax and social security contribution	(58,288)	158,451	(87,213)	110,629
Nominal rate combined from income tax and social security contribution - %	34	34	34	34
Income tax and social security contribution at legislation rates	19,818	(53,873)	29,652	(37,614)
Equity accounting method	168,122	144,482		
Goodwill			19,615	15,182
Non-deductible expenses (i)	2,326	(18)	2,769	(3,257)
Interest on Equity	(58,106)	(52,598)		755
Tax loss - not constituted	(132,116)	(37,508)	(171,811)	(68,708)
Non-taxable income			4,398	2,731
Others			358	141
	44	485	(115,018)	(90,770)
Tax benefits				
Tax incentives - PROUNI			144,016	133,135
Tax Incentive - <i>Lei Rouanet</i> (Rouanet Act)			994	839
Current and deferred income tax and social security contribution charges over the income for the fiscal year	44	485	29,992	43,204

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Current income tax and social security contribution			(14,293)	(11,854)
Deferred income tax and social security contribution	44	485	44,285	55,058
Income tax and social security contribution of previous periods		(765)	1,777	4,338
	44	(280)	31,769	47,542

As of December 31, 2022, the Company recorded deferred tax credit from the temporary differences in the amount of BRL 397,233 (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:

	Parent company		Consolidated	
	2022	2021	2022	2021
Adjustment to present value			9,408	5,660
Provision for contingencies		152	74,942	75,301
PCE			78,974	73,593
Monthly tuition fees to be invoiced / canceled			23,737	26,566
Provision for retirement			19,692	16,724
Assets Surplus Value Amortization			(12,909)	(29,573)
Provision for Fies Risk			325	7,395
Recognized granted options	1,175	979	63,047	57,977
Leases			78,851	59,442
Business Combination			(27,951)	(30,726)
Goodwill incorporated			(2,230)	(11,290)
Depreciation	14	14	5,937	7,547
Tax loss			82,608	94,641
Other Assets			3,654	2,847



**Management notes to the financial statements  
as of December 31, 2022**

In thousands of Brazilian reais, except when otherwise indicated

	<u>1,189</u>	<u>1,145</u>	<u>398,087</u>	<u>356,104</u>
Asset	<u>1,189</u>	<u>1,145</u>	<u>398,087</u>	<u>356,104</u>
	<u>1,189</u>	<u>1,145</u>	<u>398,087</u>	<u>356,104</u>

The realization of the deferred tax effect on temporary differences recorded at December 31, 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 CSLL basis, such as corporate reorganizations and their consequent operational improvements.

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

	<b>Consolidated 2022</b>
2023	7,569
2024 to 2027	60,439
2028 to 2032	<u>14,600</u>
	<u>82,608</u>

### 30 Commitments

The table below presents the required and non-cancelable annual minimum future payouts related to the contractual obligations undertaken by the Company as of December 31, 2022 and 2021.

	<b>Less than one year</b>	<b>Between one and five years</b>	<b>Consolidated More than five years</b>
Commitments in 2022			
Campus leases / Rental agreements	56,745	175,415	63,762
Commitments in 2021			
Campus leases / Rental agreements	46,653	141,186	60,910

### 31 Subsequent Events

On January 10, 2023, the Company concluded the contracting of the seventh loan of line 4131 with Citibank in the amount of USD 80.0 million (converted to BRL 422.8 million in quotation equivalent to January 6, 2023). The transaction was contracted under SWAP at an Active Curve of USD\_SOFR + 0.68% p.a. and a Passive Curve of CDI + spread.

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## MANAGEMENT REPORT

Dear Shareholders,

The Management of YDUQS Participações S.A. ("Company") hereby presents the Management Report and Consolidated Financial Statements for the fiscal years ended December 31, 2022, and 2021, prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards ("IFRS") and accompanied by the Independent Auditor's Report.

### Corporate Profile

YDUQS, owner of higher education brands Estácio, IBMEC, Damásio, Clio, Wyden, Sjt Med, IDOMED and Qconcursos, is Brazil's largest higher education player in number of students, according to INEP's latest Higher Education Census, and is growing in the country through the expansion of its education brands. The Company serves students from all social levels across Brazil and during the different stages of their adult lives, and it is structured based on three large business units, which grant speed and specific focus for each operational segment: the Premium, Digital Learning and On-Campus business units.

Our executive officers emphasize the Company's commitment to operating a base of over 1 million students, always delivering academic excellence, adequate financial and equity conditions to implement its business plan, as well as complying with its obligations, always focused on the ongoing pursuit of improved operational and financial performance. Furthermore, the Company always strives to improve the engagement and communication with all stakeholders. We are committed to integrating sustainability in all our activities so as to enhance our legacy in the educational sector – in the environmental, social, governance and economic pillars, working ethically and transparently towards sustainable development.

YDUQS's common shares are traded on B3's Novo Mercado listing segment, under the ticker "YDUQ3". YDUQS' shares closed 2022 priced at R\$10.2 per share.

### Economic Scenario

The global economic scenario continued to worsen, with rising inflation and interest rates, and a slowdown in economic activity. In Brazil, as a result of a tightened monetary policy, we saw a reduction in the expansion pace of economic activity and

the country closed the year with accumulated inflation rate at 5.8%, well above the target set by the government, which was 3.5%, with a 5% ceiling. Even exceeding the target ceiling, inflation rate was below that of 2021, which ended said year at 10.1%, thanks to the transportation group, driven by the fuel prices drop (mainly gasoline).

Brazil's GDP increased by 2.9% in 2022, despite a 0.2% downturn in the 4th quarter of the year, after five consecutive quarters with positive results, and recoded an 1.9% increase in activity compared to the 4th quarter of 2021.

In 2022, the average unemployment rate in Brazil fell to 9.3%, following a positive trajectory of the Brazilian labor market, recording a 3.9 p.p reduction versus 2021. It is the lowest rate since 2015, confirming the Brazilian labor market recovery after the losses caused by the Covid-19 pandemic. In total numbers, the unoccupied population is 8.6 million Brazilians.

The financial market managed to deliver a positive performance, with the dollar depreciating by 5.3%, ending the year priced at R\$5.3 and the IBOVESPA staying ahead of international stock markets indexes, closing the last trading session of 2022 with 109,734.60 points (annual high of 4.7%).

## Message from the Management

The robust results achieved by YDUQS in 2022 are grounded on the transformation our business has gone through over the last five years. Figures show a company with enormous resilience and adaptability, thanks to its portfolio — today, Brazil's most varied and up-to-date portfolio and one of the few that can be considered truly national —, its positioning in strategic segments such as Medicine, and the strong cash generation capacity we have maintained. We have created the conditions to have, in 2023, much more autonomy to build YDUQS' future, thanks to our independence from public policies and our privileged position regarding business leverage.

In 2022, we recorded increases in revenue (3% YoY), EBITDA (9%) and EBITDA margin (+2 p.p.). YDUQS' operating cash generation reached almost R\$1 billion in the period (up by 30% versus 2021), with strong 89% cash conversion rate. Reflecting our good capacity to translate quality improvements and our Institutions' reputation into prices, average tickets were up for all segments (8% in Medicine, 10% in DL and 5% in On-Campus, considering average amounts for upperclassmen and versus 2021). Premium (IDOMED and IBMEC) and Digital Learning accounted for more than half of the group's NOR and 72% of consolidated EBITDA, a direct impact of the portfolio diversification strategy on our results.

YDUQS free cash flow more than doubled between 2021 and 2022, reaching R\$505 million by the end of the previous period (+126% YoY). Throughout the year, several initiatives allowed us to maintain our business leverage at 1.96x Net Revenue/EBITDA. We have a good debt profile and an important relative advantage in our industry: the Company's next amortization payments are due only in 2024. This will allow us to make decisions free of short-term pressures regarding debt, which have been significantly impacting the higher education market in recent cycles.

This transformed YDUQS will also be able to freely operate as regards public policies for the sector. In 2022, the Digital Learning segment's revenue was higher than the FIES share back in 2017 (R\$1.3 billion). Premium segment's NOR has already surpassed R\$1 billion. This means that, during this period, the portion of our business that does not depend on public funding has more than doubled its size. We have incorporated the culture of good OPEX management (in 2022, we kept costs and expenses at the same level as in the previous year) and our operations are lean, ready to capture the operational leverage that may come with a new impulse given by a resumption of the supply of financing. To no extent, however, we depend on this. We have built a resilient, efficient business that will grow on its own.

The vectors that drive this growth continue to operate. Our Medical School, the youngest in the market, will organically surpass 8,000 students in 2023. We may have between 130 and 160 additional authorized seats this fiscal year. Our Digital Learning segment relies on a lot of technology and has been demonstrating its capacity to stand out in the market. In all segments and at all institutions, student and faculty satisfaction and engagement levels, as well as academic results, continue to grow, and are always amongst the highest in the market.

Our organization continues to be a benchmark in ESG, with important advances. YDUQS has created an ESG risk management system and, as announced in 2022, the senior management has a target based on the company's ESG rating. We have been included in B3's Carbon Efficient Index, we have begun to report to the Carbon Disclosure Project (CDP) and maintained our A grade on MSCI rating. All diversity and inclusion indicators have recorded progress and initiatives have started to occur spontaneously in the organization, reflecting a new level of engagement with this theme. In April, we will hold the II YDUQS ESG Forum, for detailed accountability of this agenda.

We are confident about the path we have chosen — diversification, quality at scale, technology on the base of everything — and energized by the huge positive impact we help to create. On behalf of our team, I would like to thank you for your support through this journey.

**Eduardo Parente** – YDUQS's CEO

## Operational performance

Table 1: Student Base

thousand	2021	2022	Δ %
<b>Total Base</b>	<b>1,243.9</b>	<b>1,194.9</b>	<b>-3.9%</b>
<b>On-Campus</b>	<b>277.4</b>	<b>268.0</b>	<b>-3.4%</b>
On-Campus	255.7	234.2	-8.4%
Semi on-campus	21.1	30.9	46.7%
Masters' and Doctorate Degrees	0.7	2.9	314.1%
<b>Digital Learning</b>	<b>953.9</b>	<b>912.8</b>	<b>-4.3%</b>
Undergraduate	432.8	429.8	-0.7%
Lifelong	521.1	483.0	-7.3%
QConcursos	447.0	443.1	-0.9%
<b>Premium</b>	<b>12.5</b>	<b>14.1</b>	<b>12.3%</b>
Medicine	6.8	7.9	16.0%
IBMEC	5.8	6.2	8.0%

At the end of 2022, the Company's total student base was 1,194.9 thousand students, slightly down by 3.9% versus 2021. The main changes in the period are explained below, broken down by business unit.

**Premium:** The **Premium** segment ended 2022 with robust results, closing the period with 14.1 thousand students (+12.3% vs. 2021).

The **Medicine** segment recorded **growth of 16.0% vs. 2021**, ending the year with 7.5 thousand undergraduate students. This growth was boosted by the increase in authorized seats in the beginning of 2022 and the maturation of courses.

**IBMEC's** student base **grew 8.0% vs. 2021**, due to the strong intake cycle and an increase in the graduate student base, which has been posting a better performance since the beginning of the year.

**Digital Learning:** The **Digital Learning** segment, which includes Lifelong, ended 2022 down by 4.3% YoY, reaching 912.8 thousand students.

In 2022, the **undergraduate student base** remained in line with 2021, mainly explained by the 11.9% vs. 2021 reduction in intake, a result of the challenging macroeconomic scenario, especially in cities where we concentrate our operations and a higher number of graduating students versus 2021. On the other hand, the good renewal performance (+8p.p. YoY) of the students entering in the even cycles (April and October), resulted in a stable final undergraduate base.

**On-Campus:** The **On-Campus** segment ended 2022 with 268.0 thousand students, down by 3.4% vs. 2021 related to the **total undergraduate** student base, which decreased by 4.2% vs. 2021, due to a challenging macroeconomic scenario.

On the other hand, the strong 46.7% increase vs. 2021 in **Semi on-campus undergraduate** segment, which combines the digital and on-campus segments and has been gaining share in our student base, coupled with the maintenance of **renewal rate at 84% in 2022**, played an important part in this result, largely offsetting the reduction in the undergraduate student base.

## Financial Performance

Table 2: Income Statement

R\$ million	2021	2022	Δ%
<b>Gross Operating Revenue</b>	<b>8,881.4</b>	<b>9,789.7</b>	<b>10.2%</b>
Monthly tuition fees	8,881.4	9,789.7	10.2%
Deductions from gross revenue	(4,490.1)	(5,224.8)	16.4%
<b>Net Operating Revenue</b>	<b>4,391.4</b>	<b>4,564.9</b>	<b>4.0%</b>
Premium	829.8	1,078.0	29.9%
Digital Learning	1,315.5	1,402.0	6.6%
On-Campus	2,246.1	2,084.9	-7.2%
Cost of Services	(2,002.3)	(1,982.5)	-1.0%
<b>Gross profit</b>	<b>2,389.1</b>	<b>2,582.5</b>	<b>8.1%</b>
Gross Margin	54.4%	56.6%	2.2 p.p.
Selling Expenses	(895.0)	(951.0)	6.3%
G&A Expenses	(973.2)	(1,041.1)	7.0%
Other operating revenue/ expenses	25.7	27.1	5.5%
(+) Depreciation and amortization	679.0	708.5	4.3%
<b>EBITDA</b>	<b>1,225.6</b>	<b>1,326.0</b>	<b>8.2%</b>
EBITDA Margin	27.9%	29.0%	1.1 p.p.
Financial Result	(436.0)	(704.6)	61.6%
Depreciation and amortization	(679.0)	(708.5)	4.3%
Income tax	35.6	23.6	-33.8%
Social Contribution	11.9	8.2	-31.2%
<b>Net Income (Loss)</b>	<b>158.2</b>	<b>(55.4)</b>	<b>n.a.</b>
Net Margin	3.6%	n.a.	n.a.
<b>Adjusted Net Revenue<sup>(1)</sup></b>	<b>4,426.7</b>	<b>4,564.9</b>	<b>3.1%</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>1,336.6</b>	<b>1,458.7</b>	<b>9.1%</b>
Adjusted EBITDA Margin	30.2%	32.0%	1.8 p.p.
<b>Adjusted Net Income<sup>(2)</sup></b>	<b>356.4</b>	<b>139.3</b>	<b>-60.9%</b>
Adjusted Net Margin	8.1%	3.1%	-5.0 p.p.

(1) Non-recurring items: (i) net revenue adjusted to the effects of laws and court decisions in 2021; (ii) EBITDA adjustment in the amount of R\$132.7 million in costs and expenses related to the operating research (OR), restructuring of the administrative staff, bad debt, contract fines, M&A, and other expenses.

(2) Adjusted to non-recurring items in EBITDA in the amount of R\$132.7 million; R\$64.8 million related to the amortization of goodwill from acquisitions and -R\$2.8 million in Income Tax and Social Contribution. Total impact on Net Income of R\$194.8 million versus R\$198.5 million in 2021.

**Net Operating Revenue:** In 2022, the Company's **total net revenue** was up by 4.0% vs. 2021. The main changes per segment in the period are explained below:

**Premium Segment:** up by R\$248.3 million vs. 2021, driven by the following factors: (i) the robust growth in Medicine undergraduate student base (+16.5% vs. 2021) stemming from the courses' maturation and the increase in authorized seats; (ii) stronger intake in IBMEC vs. 2021, boosted by the growth in the São Paulo unit, which has a higher average ticket; (iii) combination of price increase both for intake and upperclassmen for over 1 year in the Medicine undergraduate segment and IBMEC; (iv) better performance of IBMEC's graduate segment and (v) merger of Hardwork.

**Digital Learning Segment:** R\$86.5 million upturn YoY, due to the following factors: (i) combination of price increase for both intake and upperclassmen for over 1 year, compared

to the same period in the previous year, more than offsetting the reduction in intake; and (ii) student base maturation and increase in the number of DL centers.

**On-Campus Segment:** R\$161.2 million decrease YoY, mainly impacted by a lower adhesion to DIS during intake compared to 2021 and the short-term effect of the “Brilho Duplo” campaign in the first semester of 2022 (lower ticket in the initial semester). On the other hand, renewal rate remained stable and, coupled with the increase in average ticket for upperclassmen for more than one year, has partly offset these effects.

It is important to emphasize that the **Premium and Digital Learning** segments remain the company's main growth drivers and, together, **they already account for 54% of the Company's total net revenue** for the period (+5 p.p. vs. 2021).

**Cost of services and gross profit:** Cost of services was down by 1.0% vs. 2021, mainly stemming from: (i) reduction in personnel costs related to the operating research (OR), which improves class distribution by sharing courses and adopting online content in on-campus programs; (ii) decrease in rent and municipal property taxes, due to the Company's efforts to optimize and modernize the campuses and recording PIS and COFINS credits (R\$13.3 million) on rent expenses related to 2022, proportionally to revenue taxed by the non-cumulative regime of these taxes; (iii) increase in transfer to centers, due to the expansion of Digital Learning via partner centers (+482 centers vs. 2021) and that already account for almost 60% of undergraduate student base; (iv) growth in third-party services (security and cleaning), utilities and other costs, chiefly arising from the resumption of 100% of on-campus classes; and (v) drop in depreciation and amortization arising from the reduction in the “software (systems and applications)” and “improvements to third-party assets” lines, in 2021, has an exceptional increased by R\$21 million with the return of properties.

Cost of services (ex-D&A) was impacted by non-recurring effects related to the operating research (OR) amounting to R\$59.1 million in 2022. Excluding said effects, **adjusted cost of services (ex-D&A)** remained stable vs. 2021, representing 33% of total net revenue, down by 1 p.p. vs. 2021.

In 2022, the Company's **gross profit** was up by 8.1% YoY and gross margin stood at 56.6% (+2.2 p.p. vs. 2021).

**Selling Expenses:** Selling expenses were up by 6.3% vs. 2021, stemming from the increase in bad debt expenses as explained below.

**Bad Debt expenses** grew by R\$68.7 vs. 2021, mainly due to the following factors: (i) provision for FIES ceiling for medical school graduates, that is, the provision of the difference between the FIES financing amount and the total amount due by the graduated student, being R\$9.6 million from previous years and R\$8.7 million recurring in 2022; (ii) Write-off of the difference in accounts receivable from past acquisitions, in the amount of R\$18.9 million, referring to previous years, and (iii) delinquency from medical school students who have benefited from laws and court decisions during the pandemic amounting to R\$13.8 million.

Excluding the non-recurring effects in the amount of R\$42.3 million in 2022, explained above, **adjusted Bad Debt expenses** were up by 5.1% vs. 2021. It is important to emphasize that the court decision that allowed delinquent students to renew their enrollment lost its effectiveness in July 2022. The main changes to Bad Debt expenses are presented below:

**Sales & Marketing expenses** dropped by R\$12.7 million YoY, in line with the guidance previously announced, as a result of the Company's efforts to control expenses, especially in the on-campus segment. As a percentage of total net revenue, these expenses decreased by 1.0 p.p., compared to the same period in the previous year.

**General, administrative and other expenses:** General and administrative expenses were up by 7.0% vs. 2021, mainly due to: (i) reduction in personnel expenses, mainly due to a lower realization of variable remuneration and administrative restructuring; (ii) increase in third-party services, maintenance and repairs, chiefly related to IT and other consulting services, law firms' fees and maintenance of the units' equipment; (iii) increase in provision for contingencies



compared to the same period in the previous year, mainly due to a reversal of provision in 2021, there was an extraordinary reversal of the provision, resulting from the negotiation of agreements in strategic processes (civil and labor ones); (iv) increase in other expenses, due to higher expenses with education agreements, and travel and accommodation expenses related to the resumption of on-campus activities; and (v) upturn in depreciation and amortization, primarily due to the amortization of systems, applications and software related to investments in digital transformation and technology over the last years, which have shorter than average depreciation and amortization periods.

Non-recurring effects impacted general, administrative and other expenses (ex-D&A) amounting to R\$31.3 million in 2022, related to the restructuring of the staff, contract fines from the handover of properties, legal consulting and services related to M&A, and other expenses. Excluding such non-recurring effects, **adjusted general, administrative, and other expenses (ex-D&A)** would have increased by R\$9.6 million vs. 2021, remaining stable as a percentage of net revenue in 2022, compared to the same period in the previous year.

**EBITDA:** The Company's **EBITDA** increased by 8.2% YoY and EBITDA margin stood at 29.0% (+1.1 p.p. vs. 2021).

The company's EBITDA was impacted by non-recurring effects in the amount of R\$132.7 million in 2022, related to the operating research (OR), restructuring of administrative staff, contract fines, bad debt, M&A and other expenses.

Excluding these effects, the Company's **adjusted EBITDA** totaled **R\$1,458.7 million** (+9.1% vs. 2021) and **adjusted EBITDA margin** stood at **32.0%** (+1.8 p.p. vs. 2021), stemming from: (i) increase in net revenue, due to the robust growth in the Premium and Digital Learning segments, which more than offset the drop in On-Campus segment and (ii) higher costs and expenses (ex-D&A), due to the increase in transfer to partner centers; increase in bad debt and other expenses related to the resumption of 100% of on-campus and corporate offices activities.

Adjusted costs and expenses (ex-D&A) were slightly up by 0.5% vs. 2021, well below LTM accumulated inflation (IPCA<sup>(1)</sup> 5.79%), totaling 68% of the Company's total net revenue, down by 1.8 p.p. vs. 2021. This is due to the Company's efforts to reduce costs and expenses during the year, mainly in the On-Campus segment, which largely offset the increase in the Premium and Digital Learning segments that are still maturing. With this result, the **Premium and Digital Learning segments reached 72% of the Company's total adjusted EBITDA (+3 p.p. vs. 2021), leading to an adjusted EBITDA margin of 32% (+1.8 p.p. vs. 2021).**

**Financial Result and Net Income:** The Company's **financial result** was worse by R\$268.7 million vs. 2021. Below are the main drivers of this result.

**Financial Revenue:** up by R\$73.7 million vs. 2021, chiefly due to: (i) fines and interest rates charged on overdue amounts and earnings from financial investments, due to the interest rate increase and (ii) monetary restatement (PAR and DIS) and other, due to the restatement of a lower accounts receivable for these products.

**Financial Expenses:** up by R\$351.0 million vs. 2021, due to: (i) increase in interest and financial charges, due to the increase in the Company's debt and interest rates; (ii) reduction in financial discounts, arising from opportunities identified during renewal campaigns, enabling more qualified discounts that promote more efficiency; (iii) higher interest on leases, due to new agreements, contract renewals and interest rate increase; and (iv) Increase in other expenses, primarily from the financial update of contingencies and financial update of the acquisition price payable.

Due to the worsening in financial result, the Company recorded negative net income of R\$55.4 million in 2022, chiefly due to (i) the growth in EBITDA; (ii) the worsening of financial result; (iii) increase in depreciation and amortization and (iv) decrease in Income Tax and Social Contribution, stemming from the reduction in the period's result, higher tax incentives due to a better POEB rate and non-recognition of tax loss, mainly in the parent company.

The Company's net income was also impacted by non-recurring effects amounting to R\$194.8 million in 2022. Excluding these non-recurring effects, **adjusted net income** reached R\$139.3 million (-60.9% vs. 2021) and adjusted net margin stood at 3.1% (-5.0 p.p. YoY).

**Capex:** The Company's total capex was down by R\$52.2 million vs. 2021, mainly due to: (i) increase in investments in digital transformation and technology, due to the Company's efforts to offer increasingly modern and innovative education services; (ii) drop in sustainability & improvement investments, mainly arising from a lower volume of projects related to the sustainability & improvement of the company's business and asset sale related to the handover of properties; and (iii) smaller investments in expansion, related to new courses and maturation of existing ones.

The Company ended the year with **total Capex of R\$491.7 million**, totaling **10.8% of the Company's total net revenue**.

**Cash Position and Debt:** In 2022, the Company's **cash and cash equivalents** amounted to **R\$785.8 million**, due to the settlement of debts with Banco Itaú (R\$150 million in October 22) and Citibank (USD80 million/ R\$447.6 million in December 22). It is important to mention that in January 2023, the Company issued a new 4143 debt instrument in the same dollar amount, with the same financial institution at a smaller cost, extending its total debt average term and recomposing its cash balance (R\$1.2 billion), as per minutes of board of directors' meeting published in January 2023.

Thus, **net debt** (excluding leases) ended the period at **R\$2.855.1 million**, with a **net debt/ (LTM) adjusted EBITDA ratio at 1.96x**, maintaining a healthy leverage and capital discipline.

The net debt/ (LTM) reported EBITDA ratio ended the period at 2.15x.

## Academic Model

### EnsineMe

EnsineMe is YDUQS's business unit to develop and produce a digital ecosystem for higher education, including methodologies, platforms and contents. We work to make possible a customized education experience at a high academic standard for all. Our academic ecosystem is entirely designed in modules and filled with data, serving the matrix's and education institutions' most diverse needs. Our team of academic curators is comprised of by master's and Doctoral graduates from well-known institutions, such as IME, UFRJ, USP, UFSCAR and FGV, coupled with a digital creation team of instructional, UX and UI designers, programmers and audiovisual professionals, who have decades of experience in digital learning. We transform the teaching and learning process into innovative and efficient multi-media learning tools, which are capable of making possible the access to unprecedented quality education in Brazil, which was, up to now, restricted to elite institutions.

### AURA

Aura is our teaching-learning model: a unique and innovative methodology designed for our on-campus and digital learning students, making the teaching and learning process increasingly interactive and meaningful.

Aura provides a continuous learning relationship by creating a development line that depends on both learning environments in an ecosystem that features Information technology and communication, university extension centers, in-person and digital pedagogic practice and innovation labs, in addition to intermediate certifications by major fields and undergraduate programs for all our segments. All of these features are brought together in a curriculum that is connect to the highly dynamic job market.

Students have access to digital contents in accordance with their learning plan. Engaged, students are invited to explore contents so that they can actively participate in discussions in



the classroom or at interactive forums. Protagonism and self-learning are also encouraged in a virtual environment that will offer students the flexibility they seek in developing their skills.

The results achieved in the ENADE examination for the on-campus segment show a robust growth in relation to previous cycles as well as to our main competitors, ensuring YDUQS second place in the market.

In 2022, the Teacher Relations conducted training activities for more than 5,200 teachers, 52% of whom with masters' degrees and 26% with PhDs, recording an increase in engagement, ending the 2022 cycle with 88% adherence. The Company also created a data management department, which includes a portfolio with 77 academic indicators to monitor and manage the consolidation of the learning model in our virtual and on-campus classrooms. Lastly, all these initiatives also impact the result of our Regulatory visits, out of the 350 visits we received, we had an average score of 4.2.

## Regulatory Framework

### Evaluation: ENADE and in loco visits

The result of the indicators for YDUQS' courses (Course Preliminary Concept, CPC) and Higher Education Institutions (Overall Course Index, IGC) that were evaluated in the ENADE 2021 cycle, which should have been published in the Federal Official Gazette at the end of 2022, has not been published yet.

As regards in loco evaluation visits to courses and Institutions, which are significantly important for consolidating academic excellence in regulatory terms, YDUQS has been growing and showing regulatory maturity: 100% of the evaluation visits the Ministry of Education (MEC) made to YDUQS Higher Education Institutions across Brazil in 2022 received satisfactory grades (3 or higher on a 1-to-5 scale), and approximately 90% of them were rated 4 or 5 (excellent).

### Evaluation: Master's and Doctorate Degrees

In view of the four-year period, the high scores of our *stricto sensu* master's and doctorate programs have been maintained, according to the CAPES post-secondary improvement scale. As for Universidade Estácio de Sá, the Law and Family Health programs received grade 5, standing out in the state of Rio de Janeiro. The Family Health program's grade was raised in the recently ended cycle. The grade 4 awarded to our master's and doctoral programs in Education and Dentistry, as well as our professional master's programs in Corporate Management and Development attests to the sustained level of the excellence of these programs. Regarding Centro Universitário Ibmecc, also in Rio de Janeiro, the quality of the Management and Economics programs received grade 4.

### Transformation of the Institutions' Academic Organization

In 2022, the Ministry of Education (MEC) issued ordinances for the accreditation of the university centers, through transformation of academic organization of the institutions below: (i) **Centro Universitário Estácio Goiás**, which was approved with score 4 in the in loco evaluation visit (1-to-5 scale) and is located in the city of Goiânia, state of Goiás; and (ii) **Centro Universitário Estácio de Ji-Paraná**, which was approved with score 5 in the in loco evaluation visit (1-to-5 scale) and is located in the city of Ji-Paraná, state of Rondônia.

### Expansion of Medicine

**Faculdade Estácio de Jaraguá do Sul:** On February 25, 2022, the Ordinance for the increase in the number of seats (from 50 to 150 total annual seats) was published for the medical course of the Institution, which is located in the city of Jaraguá do Sul, in the state of Santa Catarina.

**Centro Universitário Estácio do Ceará (campus Iguatu) and Faculdade de Medicina de Ji-Paraná:** On March 2, 2022, the Ordinance for the accreditation of a campus outside the

Institution's headquarters, which are located in the city of Iguatu, in the state of Ceará; and the accreditation Ordinance for the Institution, which is located in the city of Ji-Paraná, in the state of Rondônia, were published. On March 7, 2022, an Ordinance was published authorizing the Medical Course, with a total of 50 annual seats for each institution.

**Centro Universitário Estácio de Ji-Paraná (campus Unijipa):** On March 18, 2022, an Ordinance was published authorizing the Medical Course, with 28 total annual seats for the Institution, which is located in the city of Ji-Paraná, in the state of Rondônia.

## Sustainability (ESG)

In 2022, we saw the Environmental, Social and Governance (ESG) theme gain momentum and relevance. We also strengthened our commitments to our stakeholders and a sustainable development. It was a year of great progress in this agenda and of many returns that show the market the strength of our business and the prominence of our brand. We have been included in the main ESG ratings and received an "A" rating at MSCI, the most required rating by investors. We are part of the Carbon Efficient Index (ICO2 B3) and reported to the Carbon Disclosure Project (CDP). Our governance continues to be recognized as a reference among our peers.

For decades, YDUQS has put sustainability in its core business, with the engagement and participation of the company's several departments, as well as its leaders and students and an ESG Committee dedicated to the topic. Our strategy and financial results are connected to the ESG pillars that ensure value and resilience to our Company.

## Environmental Pillar

The Company has environmental management practices geared towards reducing impacts and externalities and fostering conscious consumption of resources. All the group's units have environmental processes and guidelines and their results are accounted for. They are monitored through a quarterly self-evaluation program and followed-up by the Environment corporate department. The items considered in the evaluations include compliance with environmental licensing, waste collection, transportation and final disposal contracts, compliance with the Solid Waste Management Plan (PGRS in Portuguese) and Health Services Management Plan (PGRSS in Portuguese), environmental training on waste management procedures within the operational unit, and issuance of waste transportation manifests (MTR), among other relevant aspects in compliance with the current legislation.

A strategy at corporate level seeks to strengthen environmental management and ensure we improve in aspects such as reduced water and electricity consumption, as well as recycling and waste disposal initiatives.

Regarding Energy and Water management, YDUQS seeks to use practices and technologies that raise awareness and reduce water and energy consumption at the operations. YDUQS also monitors water and energy consumption by telemetry on a daily basis, which will provide a better management of consumption and, subsequently, better results.

Currently, 78% of the Company's energy comes from renewable sources, of which 74% from the Wholesale Energy Market and 4% from distributed generation.

YDUQS completed the Distributed Generation project, which consists of installing a Solar Farm in the state of Rio de Janeiro, with a production capacity of 270 MWh/month. Through this initiative, the Company will prevent the emission of 7,900 metric tons of CO2 by 2030.

In order to fight climate change and reduce carbon dioxide emissions, YDUQS has an agreement with a consulting firm specializes in preparing Greenhouse Gas (GHG) Inventory. This initiative was adopted to identify which internal factors influence climate change, being a key piece for preparing strategies to neutralize our CO2 emission sources. Adhering to this great purpose, YDUQS has committed to offset its emissions by 2025 and become Carbon Neutral.

This is one of many initiatives that will be implemented on this front towards restoring the ecosystem.

## Social Pillar

### YDUQS Institute

In 2022, the consolidation of the YDUQS Institute allowed it to expand its initiatives on each operational front — Social Development, Environment & Health and Education

and enhance the social and environmental responsibility initiatives of the Groups' Higher Education Institutions, building bridges between the different social actors, organizations, communities and individuals, reinforcing our belief that together we can make the world a fairer and more equal place. The Institute made it possible to create synergies between projects, benefited social institutions and encouraged students, faculty members and employees to participate.

These initiatives have contributed to the development of *Mobiliza*, a corporate volunteering program in which employees can enroll to engage in voluntary initiatives on the three operational fronts or suggest social initiatives. The idea is to boost synergies, benefiting the community through the engagement of internal stakeholders. 2022 Highlights >> 1,012 users; 87 new initiatives announced; 18,012 people benefiting from the volunteering initiatives.

YDUQS Education Institutions are present in all Brazilian states and contribute to local development through Extension Projects with several initiatives in neighboring communities. Regional, Department and Unit Managers identify opportunities for developing Social Responsibility initiatives and projects with the participation of students, among which we highlight the following: Law (Legal Practices Center, assisting the community); Psychology and Teaching Degrees (assistance and internships); in addition to Accounting (financial education initiatives and assistance with the filing of income tax returns). In 2022, these programs served nearly 700,000 people.

Our initiatives are designed to support and develop athletes by facilitating access to higher education. In order to do this, we have several partnerships with confederations, federations, clubs, sports-related institutions, such as Instituto Fernanda Keller, Instituto Guga Kuerten, Instituto Reação, Comitê Olímpico do Brasil and Comitê Paralímpico Brasileiro. Together, we have educated more than 1,000 people and have around 900 athletes and para-athletes, from youth to high-performance categories of several sports studying with us. These partnerships have also contributed to carrying out more than 800 campaign activations and 50 lectures/live streaming events for our students and employees of the YDUQS Group's brands in 2022.

Our Literacy and Writing Skills Project for Youth and Adults is another outstanding initiative, which helps reducing illiteracy in Brazil. The project has helped more than 850 people since its creation. Moreover, we support the entire education journey of students in the University for All Program (Programa Universidade para Todos, Prouni), through the Rede de Valor program. In the first cycle in 2022, we granted financial aid to Estácio's medical scholarship students at the Cittä, Vista Carioca and Angra campuses, all of which in the state of Rio de Janeiro. Funds are raised through donations from employees and the general public and are allocated to YDUQS Institute's charity fund, whose resource management is audited on a yearly basis, thus preserving transparency in relation to operations that provide more than 120 youngsters with a R\$400 monthly aid.

### Employees

In 2022, results achieved also reflect our Employees' engagement with the Company's business model and organizational culture. Following heavy investments in the training and development of its academic and management teams, the Company ended 2022 with 17,882

employees, of whom 9,662 are faculty members and 8,220 work in administrative and educational support positions. In total, the Company paid R\$1.502 billion in Personnel and social charges in 2022.

The profile of the Company's employees stands out for its diversity of gender and age:

Employees by gender	%
Men	45%
Women	55%

Employees by age group	%
Under 30 years old	21%
Between 31 and 40 years old	35%
Between 41 and 50 years old	26%
Between 51 and 60 years old	13%
Over 60 years old	5%

## Management System and Variable Compensation

As part of the process of ongoing monitoring of results, the management system determines the guidelines, which are translated into goals, establishing the path to be followed, intensifying everyone's efforts in what matters to the strategy through their full involvement in the process. Through the cascading of goals, we were able to perform the deployment with efficiency from the executive level to the operational levels so that it is possible to guarantee a better performance in the results by the end of the year.

The Company has more than 916 managers with specific goals based on financial and non-financial indicators. Except for interns and outsourced service providers, all our administrative employees are eligible for Variable Compensation programs, and receive compensation in accordance with the performance of their departments and of the Company as a whole. Currently, 176 executives, including members of the Board of Directors, are eligible for the Long-Term Incentive programs (share-based compensation).

## Governance Pillar

Quality, excellence in management, business integrity, ethical compliance and fostering the access to education in Brazil are YDUQ's commitments to its shareholders and all other stakeholders. We perceive the Governance pillar as the one which encompasses and ensures the execution of the Sustainability and Social Pillars. This pillar encourages the Company's ongoing innovation as well as the creation and review of more inclusive and sustainable processes, ensuring that diversity is a tool for improvement.

The Company is listed in the Novo Mercado, Brazil's highest Corporate Governance level. In line with the other two ESG pillars, we advanced in promoting discussions about equality at the organization, giving voice and importance to employees and students, and we also relaunched our corporate university, in order to engage and professionalize even further our employees.

The Company's Management is composed of the members of the Board of Directors and Board of Executive Officers, supported by the Fiscal Council. The Company is managed based on the effective legal and regulatory requirements, including the Novo Mercado Listing Rules.

The Board of Directors currently comprises nine sitting members, who serve a two-year tenure. The members of the Board of Directors are advised by four committees - the People and Governance Committee, the Audit and Finance Committee, the Monitoring and Performance Committee, and the Academic Committee. The Fiscal Council, with a one-year term of office and re-election allowed, comprises three sitting members and the same number of alternates, all of whom are independent. The Statutory Executive Board comprises four executive officers (the Chief Executive Officer, the Chief Financial and Investor Relations Officer, the Executive

Officer and one officer without a specific mandate), who serve a two-year term of office. All members of the Board of Directors, Fiscal Council and Statutory Executive Board have excellent reputation, multidisciplinary expertise, diversity of nationality, gender, academic background and age. For further information, visit the Company's website [www.yduqs.com.br](http://www.yduqs.com.br).

## Independent Auditors

Pursuant to CVM Resolution 162/2022, which addresses the provision of other services by our independent auditors, we emphasize that the Company's policy regarding relations with its independent auditors and their provision of services not related to the external audit is guided by principles that preserve their independence. We hired PricewaterhouseCoopers Auditores Independentes LTDA. ("PwCAI") to audit the Company's individual and consolidated financial statements for the fiscal year ended December 31, 2022, prepared in accordance with Brazilian accounting practices. The fee for the external audit was R\$2,426,000.00.

Service	Fee	Term	Nature
Audit	2,426,000.00	April 2021 to March 2023	Quarterly review and analysis of the 2022 financial statements
Audit	150,000.00	Year ended December 31, 2022	Limited assurance on the compilation of the no-financial information included in the Annual sustainability Report 2022
<b>TOTAL</b>	<b>2,576,000.00</b>		

## Arbitration Clause

YDUQS Participações S.A. ("Company") is bound by decisions of the Market Arbitration Chamber, as per Article XII of the Company's Bylaws.

**The Management**

## Statement by the Board of Executive Officers

In compliance with Article 27 of CVM Resolution no. 80/2021, the Executive Officers of YDUQS Participações S.A. ("Company", "YDUQS") hereby unanimously and without dissent declare that they have reviewed, discussed and agreed on the contents of the Company's Financial Statements and the unqualified opinion in the independent auditor's report issued by PriceWaterhouseCoopers Auditores Independentes LTDA. ("PwCAI"), both of which for the fiscal year ended December 31, 2022.

Rio de Janeiro, March 15, 2023.

**Eduardo Parente Menezes, Rossano Marques, Marina Da Fontoura Azambuja and José Aroldo Alves Júnior.**