YDUQS Participações S.A.

Financial Statements
individual and consolidated on
December 31, 2021
and independent auditors' report

Independent auditor's report

To the Board of Directors and Stockholders

Opinion

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, 2021 and the statements of profit or loss, 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, 2021 and the consolidated statements of profit or loss, 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.

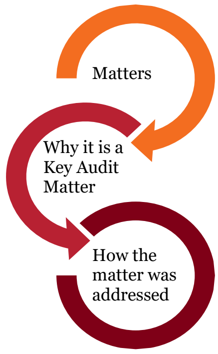
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YDUQS Participações S.A and of YDUQS Participações S.A and its subsidiaries as at December 31, 2021, and the financial performance and the cash flows for the year then ended, 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

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

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 year. 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 the audit
Recognition of revenue from students' monthly tuition fees (Note 23)	
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. Revenue totaled R$ 4,391,378 thousand as of December 31, 2021. 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. 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.	Our audit procedures included, among others: 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. We tested the integrity of billing data through the reprocessing of analytical bases extracted from the academic system and their proper reconciliation with the accounting records. 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. 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. The results of these procedures are consistent with the information disclosed in the financial statements.
Estimates adopted for measuring the provision for impairment of trade receivables (Notes 2.2(v) and 4)	
The Company and its subsidiaries periodically review their portfolio of trade receivables to estimate the need to recognize a provision for impairment, which, as of December 31, 2021, totaled R$ 559,243 thousand. 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. 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 consider this issue a key audit matter.	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. We assessed the reasonableness of the critical judgments and estimates adopted in the model used by management to determine the recognized provision. 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. We compared the maturities of the receivables informed in the position of the outstanding

Why it is a Key Audit Matter	How the matter was addressed in the audit
	receivables, by maturity grouping, as of December 31, 2021, with the corresponding supporting documentation. In addition, our audit procedures included discussions with management on the evolution of balances and the consistency of criteria for the current year. 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.
Business combinations (Notes 1.5 and 2.9(b))	
On July 1 , 2021, the Company acquired, through its subsidiary Athenas Serviços Administrativos Ltda., all quotas representing the capital of QCX Serviços Educacionais Ltda. ("Qconcursos"), a company that operates in the education sector. 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. 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.	Our main audit procedures included, among others, the understanding of the internal control environment significant to the process of acquisition of subsidiaries. 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 hired by the Company. 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. Our procedures included the assessment of the technical competence, skills and objectivity of the external appraiser hired by the Company to assess the fair value of the identifiable net assets acquired. We consider that the critical judgments and assumptions adopted by management in the 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$ 2,346,604 thousand as of December 31, 2021. Assets with indefinite useful life are tested for impairment. These reviews are performed annually or more frequently if events or changes in circumstances	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

Why it is a Key Audit Matter	How the matter was addressed in the audit
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, we consider the matter as an area of focus in our audit.	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, 2021, 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.

Prior-year information

The original financial statements of the Company for the year ended December 31, 2020, prepared before the consideration of the adjustments described in Note 1.6, were audited by another firm of auditors whose report, dated March 16, 2021, expressed an unmodified opinion on those statements.

As part of our audit of the financial statements for 2021, we also have audited the adjustments described in note 1.6 that were made to restate the financial statements for 2020, presented for comparison purposes. In our opinion, these adjustments are appropriate and were correctly recorded. We were not engaged to audit, review or apply any other procedures to the Company's financial statements for 2020 and, therefore, we do not express any opinion or any form of assurance on the financial statements for 2020 taken as a whole.

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

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

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

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, 2022

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

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

YDUQS Participações S.A.

Statements of financial position as of December 31

In thousands of Reais, except when otherwise indicated

	Parent		Consolidated	
		Restated		Restated
Assets	**2021**	**2020**	**2021**	**2020**
Current				
Cash and cash equivalents (Note 3)	485,239	334,127	905,461	925,341
Securities (Note 3)	82,254	131,524	908,779	707,935
Derivative financial instruments - Swap (Note 19)		33,312		33,312
Trade receivables (Note 4)			957,746	890,151
Prepaid expenses (Note 6)	641		10,140	8,178
Taxes and contributions recoverable (Note 7)	66,182	32,557	163,664	137,601
Other			27,770	33,879
	634,316	531,520	2,973,560	2,736,397
Non-current				
Long-term assets				
Derivative financial instruments - Swap (Note 19)		120,787		120,787
Trade receivables (Note 4)			273,632	214,160
Prepaid expenses (Note 6)	2	1	8,044	4,058
Legal deposits (Note 17)	247	232	100,619	102,688
Deferred taxes (Note 29)	1,145	3,210	356,104	322,632
Taxes and contributions recoverable (Note 7)	22,264	15,048	129,062	107,726
Other			12,905	14,760
	23,658	139,278	880,366	886,811
Investments				
In subsidiaries (Note 8)	5,948,507	5,338,152		
Other			338	338
Intangible assets (Note 9)	780,065	780,096	3,508,563	3,186,539
Property, plant and equipment (Note 10)	2	5	2,534,968	2,451,044
	6,728,574	6,118,253	6,043,869	5,637,921
	6,752,232	6,257,531	6,924,235	6,524,732
Total assets	7,386,548	6,789,051	9,897,795	9,261,129

	Parent		Consolidated	
Liabilities and equity	**2021**	**2020**	**2021**	**2020**
Current				
Suppliers	2,927	2,993	183,529	251,229
Loans and borrowings (Note 11)	972,835	390,302	972,835	390,302
Leases (Note 12)			221,562	199,549
Payroll and social charges (Note 13)	741	599	206,131	202,157
Tax obligations (Note 14)	14,894	23,475	105,554	106,695
Prepaid monthly fees			76,434	44,211
Tax payment in installments (Note 15)			4,407	3,543
Related parties (Note 5)	50	78		
Taxes payable (Note 18)	37,596	23,355	37,596	23,355
Acquisition price payable (Note 16)			49,096	57,936
Other	4,722	4,810	8,795	13,791
	1,033,765	445,612	1,865,940	1,292,768
Non-current				
Long-term liabilities				
Loans and borrowings (Note 11)	3,089,359	3,113,448	3,089,359	3,113,448
Leases (Note 12)			1,223,319	1,151,775
Contingencies (Note 17)	448	300	221,474	246,842
Tax payment in installments (Note 15)			10,100	9,190
Provision for assets retirement			91,017	89,630
Acquisition price payable (Note 16)			97,134	89,946
Other	21,392	24,722	57,869	62,561
	3,111,199	3,138,470	4,790,272	4,763,392
Equity (Note 18)				
Share capital	1,139,887	1,139,887	1,139,887	1,139,887
Expenditure on issuing shares	(26,852)	(26,852)	(26,852)	(26,852)
Capital reserves	702,654	687,503	702,654	687,503
Earnings reserve	1,586,373	1,465,767	1,586,373	1,465,767
Proposed additional dividend		118,423		118,423
Treasury shares	(160,478)	(179,759)	(160,478)	(179,759)
	3,241,584	3,204,969	3,241,584	3,204,969
Total liabilities and equity	7,386,548	6,789,051	9,897,795	9,261,129

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

YDUQS Participações S.A.

Statements of profit or loss
Fiscal years ended December 31st
In thousands of reais, except earnings per share.

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Continued operations				
Net revenue from activities (Note 23)			4,391,378	3,853,737
Costs of the services provided (Note 24)			(2,002,255)	(1,744,913)
Gross income			2,389,123	2,108,824
Operating revenues (expenses)				
Selling expenses (Note 25)			(894,994)	(859,794)
General and administrative expenses (Note 25)	(23,105)	(20,578)	(973,188)	(895,044)
Equity accounting income (Note 8)	424,947	258,646		
Other operating revenues/expenses (Note 26)	3,021	3,027	25,651	2,393
Operating income	404,863	241,095	546,592	356,379
Financial revenues (Note 27)	119,737	152,785	247,253	245,989
Financial expenses (Note 27)	(366,149)	(291,708)	(683,216)	(597,403)
Net financial income	(246,412)	(138,923)	(435,963)	(351,414)
Profit before income tax and social security contribution	158,451	102,172	110,629	4,965
Current and deferred income tax (Note 29)	(206)	(2,928)	35,619	69,210
Current and deferred social security contribution (Note 29)	(74)	(1,063)	11,923	24,006
Net profit for the fiscal year	158,171	98,181	158,171	98,181
Net profit per batch of 1000 shares - basic (Note 22)			0.52423	0.32611
Net profit per batch of 1000 shares - diluted (Note 22)			0.52422	0.32587

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

YDUQS Participações S.A.

Statements of comprehensive income
Fiscal years ended December 31st
In thousands of Reais, except when otherwise indicated

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Net profit for the fiscal year	158,171	98,181	158,171	98,181
Other comprehensive income				
Total comprehensive income of fiscal year, net of taxes	158,171	98,181	158,171	98,181

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

YDUQS Participações S.A.

Statements of changes in equity

In thousands of Reais, except when otherwise indicated

	Capital contribution	Expenditure w / issue of shares	Goodwill on subscription of shares	Negative Goodwill on sale of shares	Options granted	Legal	Retained earnings	Shares Treasury	Profit accumulated	Dividend additional proposed	Total
			Capital reserves			Retained earnings					
As of January 1, 2020	1,139,887	(26,852)	595,464	(10,838)	89,395	178,980	1,330,347	(194,031)			3,102,352
Granted Options (Note 21)					(270)						(270)
Restricted shares granting plan (Note 21)					26,045						26,045
Negative goodwill on treasury shares sale (Note 18d.3)				(825)				825			
Payment of Stock options (Note 21)								1,979			1,979
Payment of restricted shares granting plan (Note 21)					(11,468)			11,468			
Net profit for the fiscal year									98,181		98,181
Appropriation of net profit											
Constitution of reserves						4,909			(4,909)		
Minimum mandatory dividends (BRL 0.52 per share)									(23,318)		(23,318)
Proposed additional dividend							(48,469)		(69,954)	118,423	
As of December 31, 2020	1,139,887	(26,852)	595,464	(11,663)	103,702	183,889	1,281,878	(179,759)		118,423	3,204,969
Granted options (Note 21)					135						135
Restricted Shares Granting Plan (Note 21)					32,469						32,469
Negative goodwill on treasury shares sale (Note 18d.3)				(478)				478			
Cancellation of Treasury Shares (Note 21)								(25)			(25)
Payment of Stock options (Note 21)								1,854			1,854
Payment of Restricted Shares Granting Plan (Note 21)					(16,974)			16,974			
Additional dividend distributed										(118,423)	(118,423)
Net profit for the fiscal year									158,171		158,171
Appropriation of net profit											
Constitution of reserves						7,908	112,697		(120,605)		
Minimum mandatory dividends (BRL 0.12 per share)									(37,566)		(37,566)
As of December 31, 2021	1,139,887	(26,852)	595,464	(12,141)	119,332	191,797	1,394,575	(160,478)			3,241,584

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

YDUQS Participações S.A.
Statements of cash flows
Fiscal years ended December 31st
In thousands of Reais, except when otherwise indicated

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
		Restated		**Restated**
Cash flow from operating activities				
Profit before income tax and social security contribution	158,451	102,172	110,629	4,965
Adjustments of profit:				
Depreciation and amortization	34	48	679,011	538,936
Amortization of loan funding costs	9,032	5,088	9,032	5,088
Provision for doubtful accounts			513,912	535,278
Provision for loss - Other trade receivables			2,599	7,426
Granted options - Stock options provision	1,279	1,039	39,076	39,749
Provision for contingencies	199	(5)	99,967	179,145
Interest on loans and borrowings	237,672	103,188	361,911	217,652
Adjustment of assets retirement obligation			8,558	6,954
Adjustment of commitments payable			6,287	2,030
(Gain) Loss on disposal of property, plant and equipment and intangible assets			(4,237)	1,200
Equity accounting	(424,947)	(258,646)		
Adjustments to present value - trade receivables			7,093	(7,910)
Adjustment of tax credits	(763)	(492)	(2,698)	(4,224)
Other	(17,017)	4,170	(75,552)	4,163
	(36,060)	**(43,438)**	**1,755,588**	**1,530,452**
Variation in assets and liabilities:				
(Increase) in trade receivables			(624,653)	(385,747)
Decrease (Increase) in prepaid expenses	(642)	282	(5,783)	9,090
Decrease (Increase) in taxes and contributions recoverable	(16,873)	19,829	(42,976)	29,997
(Increase) in legal deposits	(15)	(16)	2,069	(5,046)
Decrease (Increase) in other assets	(15)	19	5,849	(11,922)
Increase (Decrease) in trade payables	311	1,350	(19,601)	104,626
Increase (Decrease) in payroll and social charges	68	(1,028)	(4,655)	(24,790)
Increase (Decrease) in tax obligations	(6,796)	16,445	36,338	56,316
Increase (Decrease) in monthly fees received in advance			(1,953)	16,565
(Decrease) in tax installment payment			1,513	(2,529)
(Decrease) in civil/labor/tax awards	(51)		(125,335)	(88,392)
Increase in provision for asset retirement obligations			(7,171)	20,559
Increase (Decrease) in other liabilities	(715)	653	(5,265)	17,991
	(60,788)	**(5,904)**	**963,965**	**1,267,170**
Interest paid on loans	(209,594)	(81,424)	(209,594)	(81,424)
IRPJ (Income Tax) and CSLL (Social Contribution on Net Income) Paid			(46,902)	(48,536)
Net cash provided by (used in) operating activities.	**(270,382)**	**(87,328)**	707,469	**1,137,210**
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(218,208)	(203,699)
Acquisition of intangible assets			(325,377)	(259,917)
Dividends Received		263,909		
Premium and goodwill from investment in subsidiaries			(4,956)	(347,106)
Acquisition of subsidiaries, net of cash obtained in the acquisition			(186,304)	(1,574,764)
Advance for future capital increase	(177,208)	(2,468,200)		
Investment on securities	49,270	(2,575)	(200,844)	(339,343)
Acquisition price payable			(6,819)	36,721
Net cash used in investment activities	**(127,938)**	**(2,206,866)**	**(942,508)**	**(2,688,108)**
Cash flow from financing activities:				
Acquisition of treasury shares	(25)		(25)	
Use of treasury shares derived from the exercise of stock options	1,853	1,979	1,853	1,979
Dividends paid	(141,748)	(153,426)	(141,748)	(153,426)
Debenture issuance amount	2,150,000		2,150,000	
Amount received from loans and financing	483,680	3,209,549	483,680	3,209,549
Loan funding costs	(14,289)	(8,797)	(14,289)	(8,797)
Amortization of loans and borrowings	(1,930,039)	(500,587)	(1,930,039)	(500,587)
Lease amortization			(334,273)	(312,999)
Net cash generated by financing activities	**549,432**	**2,548,718**	**215,159**	**2,235,719**
Increase (decrease) in cash and cash equivalents	**151,112**	**254,524**	**(19,880)**	**684,821**
Cash and cash equivalents at the beginning of the year	334,127	79,603	925,341	240,520
Cash and cash equivalents at the end of the year	485,239	334,127	905,461	925,341
Increase (decrease) in cash and cash equivalents	**151,112**	**254,524**	**(19,880)**	**684,821**

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

YDUQS Participações S.A.

Statements of value added
Fiscal years ended December 31st
In thousands of Reais, except when otherwise indicated

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Revenues				
Educational services			4,549,442	4,002,540
Other revenues			3,398	4,723
Provision for doubtful accounts			(513,912)	(535,278)
			4,038,928	3,471,985
Inputs acquired from third parties				
Materials, electric power and other	(12,810)	(8,211)	(398,688)	(317,074)
Third-party services	(3,959)	(5,277)	(317,363)	(254,720)
Advertising			(282,873)	(254,515)
Contingencies	(116)	50	(59,875)	(165,717)
	(16,885)	(13,438)	(1,058,799)	(992,026)
Gross value added	(16,885)	(13,438)	2,980,129	2,479,959
Depreciation and amortization	(34)	(48)	(679,012)	(538,936)
Net value added produced	(16,919)	(13,486)	2,301,117	1,941,023
Added value received from transfer				
Equity-accounted investees	424,947	258,646		
Financial revenue	135,163	169,892	269,075	267,744
Other	3,328	(1,754)	27,115	(1,239)
	563,438	426,784	296,190	266,505
Total value added to be distributed	546,519	413,298	2,597,307	2,207,528
Distribution of value added				
Work compensation				
Direct compensation	5,246	5,371	1,165,052	1,018,576
Benefits			75,595	62,485
FGTS			76,038	68,833
	5,246	5,371	1,316,685	1,149,894
Taxes, fees and contributions				
Federal	16,985	23,126	230,336	162,492
State				4
Municipal			175,659	162,446
	16,985	23,126	405,995	324,942
Remuneration of third-party capital				
Interest	366,117	286,620	682,116	592,314
Rents			34,340	42,197
	366,117	286,620	716,456	634,511
Remuneration on equity				
Dividends				
Retained earnings	158,171	98,181	158,171	98,181
	158,171	98,181	158,171	98,181
Distributed value added	546,519	413,298	2,597,307	2,207,528

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

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 interests, as partner or shareholder, in other partnerships and companies in Brazil.

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

The Group has thirty-nine (39) companies, including YDUQS Participações S.A., thirty-three (33) of which are sponsors of a higher education institution, organized as limited liability business companies, and comprises a University, twenty-one (21) University Centers, and forty-nine (49) Colleges, accredited and distributed in twenty-five (25) states in Brazil and in the Federal District.

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

1.2 Basis for preparation

The financial statements (parent 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 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 of application of the Group’s accounting policies. The areas which require a higher level of judgment and which are more complex, as well as the areas where assumptions and estimates are of significance for the financial statements include: allowance for doubtful accounts, goodwill impairment, share-based payment transactions, provision for tax, civil and labor risks, and useful life of assets (Note 2.22).

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.

The Company's Board of Directors authorized the publication of these financial statements (parent and consolidated) at a meeting held on March 14, 2022.

1.3 Changes in accounting policies and disclosures

New standards effective from 2021

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

New standards not yet in force in 2021

The following changes were issued by IASB but are not yet in force for the fiscal year 2021. 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 16 “Property, Plant, and Equipment”:** in May 2020, the IASB issued an amendment that prohibits an entity from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in the income for the year. The effective date of application of this change is January 1, 2022.

- **Amendment to IAS 37 “Provision, Contingent Liabilities and Contingent Assets”:** in May 2020, the IASB issued this amendment to clarify that, for the purpose of assessing whether an agreement is onerous, the agreement performance cost includes the incremental costs of performing that agreement and an allocation of other costs that directly relate to the performance of the agreement. The effective date of application of this change is January 1, 2022.

- **Amendment to IFRS 3 “Business Combinations”:** issued in May 2020, with the aim of replacing the references from the older version of the conceptual framework to the newer one. The amendment to IFRS 3 is effective from January 1, 2022.

- **Annual improvements - 2018-2020 cycle:** in May 2020, the IASB issued the following amendments as part of the annual improvement process, applicable from January 1, 2022:

  (i) **IFRS 9 - “Financial Instruments”** - clarifies which rates should be included in the 10% test for writing off financial liabilities.
  (ii) **IFRS 16 - "Leases"** - amendment of example 13 in order to exclude the example of payments by the lessor related to improvements in the leased property.
  (iii) **IFRS 1 “Initial Adoption of International Financial Reporting Standards”** - simplifies the application of said standard by a subsidiary that adopts IFRS for the first time after its parent, in relation to measuring the accumulated amount of exchange rate variations.
  (iv) **IAS 41 - "Biological Assets"** - removal of the requirement to exclude cash flows from taxation when measuring the fair value of biological assets and agricultural products, thus aligning the fair value measurement requirements in IAS 41 with those of other IFRS standards.

- **Amendment to IAS 1 "Presentation of the Financial Statements":** issued in May 2020, with the objective of clarifying that liabilities are classified as current or non-current, depending on the rights existing at the end of the period. The classification is not affected by the entity's expectations or events after the reporting date (e.g., receipt of a waiver or breach of covenant). The amendments also clarify what "settlement" of a liability refers to under IAS 1. The amendments to IAS 1 are effective as of January 1, 2023.

- **Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies:** in February 2021 the IASB issued a new amendment to IAS 1 on 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. They also clarify that immaterial accounting policy information does not need to be disclosed, but if disclosed, it should not obscure the relevant accounting information. To support this change, the IASB also amended the "IFRS Practice Statement 2 Making Materiality Judgments", to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Said amendment is effective as of January 1, 2023.

- **Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** the amendment issued in February 2021 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates, as changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. Said amendment is effective as of January 1, 2023.

- **Amendment to IAS 12 - Income Taxes:** the amendment issued in May 2021 requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, as an example, and will require the recognition of additional deferred tax assets and liabilities. Said amendment is effective as of January 1, 2023.

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 to 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 subsidiary companies, the types of participation of which are summarized as follows:

Direct:
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")
Ensine.me Serviços Educacionais Ltda. (“EnsineMe”)
União dos Cursos Superiores SEB Ltda. (“Estácio Ribeirão Preto”)

Indirect:
Sociedade Educacional Atual da Amazônia ("ATUAL")
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte (“FATERN”)
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")
Unisãoluis Educacional S.A ("UNISÃOLUIS")
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. (“UNIUOL”)
Sociedade Educacional da Amazônia ("SEAMA")
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")
Associação de Ensino de Santa Catarina ("ASSESC")
Instituto de Estudos Superiores da Amazônia (“IESAM”)
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. (“Estácio Amazonas”)
Centro de Ensino Unificado de Teresina (“CEUT”)
Faculdade Nossa Cidade (“FNC”)
Faculdades Integradas de Castanhal Ltda. (“FCAT”)
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant’Ana Ltda. ("FUFS")
Sociedade de Ensino Superior Toledo Ltda. (“Unitoledo”)
YDUQS Participações 2 Ltda. (“ADTALEM”) (i)
Athenas Serviços Administrativos Ltda. (ii)
Centro de Educação de Rolim De Moura Ltda. (”FSP”) (ii)
Centro de Educação do Pantanal Ltda. (“FAPAN”) (ii)
Pimenta Bueno Serviços Educacionais Ltda. (“FAP”) (ii)
União Educacional Meta Ltda. (“META”) (ii)
UNIJIPA – União Das Escolas Superiores de Ji-Paraná Ltda. (“UNIJIPA”) (ii)
QCX Serviços Educacionais Ltda. (“Qconcursos”) (iii)

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

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

(i) As mentioned in NE 1.5, for this company the acquisition took place on April 24, 2020.
(ii) As mentioned in NE 1.5, for these companies the acquisition took place on July 20, 2020.
(iii) As mentioned in NE 1.5, for this company the acquisition took place on July 1, 2021.

In thousands of Reais, except when otherwise indicated

1.5 Business combination

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

The excess of the consideration transferred and the fair value as of the acquisition date of any previous equity interest in the company acquired, as compared to the fair value of the Group interest in identifiable net assets, 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 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 amount of the transaction was BRL 208 million, with payment of BRL 176.8 million made on July 01, 2021 and the balance payable in 5 equal annual installments, the first installment on the 1st anniversary of the closing date.

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

	Qconcursos
Assets	
Cash and cash equivalents	21,156
Trade receivables	23,419
Taxes and contributions	1,725
Intangible assets	4,252
Property, plant and equipment	645
Other assets	340
	51,537
Liabilities	
Current	**45,665**
Suppliers	8,998
Labor liabilities	2,157
Tax obligations	2,582
Prepaid monthly fees	31,928
Non-current	**2,247**
Prepaid monthly fees	2,247
	47,912
Net assets acquired	3,625
Identifiable assets at fair value (i)	37,588
Goodwill	165,667
Total consideration	**206,880**

In thousands of Reais, except when otherwise indicated

Cash flow at the time of acquisition	
Cash	176,800
Discounted installments (i)	30,080
Net cash flow on acquisition	**206,880**

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

Main intangible assets identified	Expected life in years	Amount
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.

The acquisitions made in 2020 are summarized below:

Athenas Grupo Educacional

On June 4, 2020, the Company acquired, through its direct subsidiary IREP Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP"), all the units of ownership of the companies: Athenas Serviços Administrativos LTDA., Centro de Educação de Rolim De Moura LTDA., Centro de Educação do Pantanal LTDA., Pimenta Bueno Serviços Educacionais LTDA., União Educacional Meta LTDA., UNIJIPA – União Das Escolas Superiores de Ji-Paraná LTDA., all members of Athenas Grupo Educacional ("Athenas Group"), for the amount of BRL 113,701, payable as follows: BRL 99,701 in financial resources, paid in cash and the balance of BRL 14,000 in the 5th anniversary year of the closing date.

Additionally, the acquisition provides for an earn-out clause for medical courses at BRL600,000 per authorized slot, totaling a potential amount of BRL180,000 payable after the 1st fundraising of the respective courses.

On October 6, 2020, the earn-out in the amount of BRL30,000 for the 1st fundraising of the medical course offered by FAPAN was settled.

Athenas Grupo Educacional was founded in the early 1990s and is made up of five institutions located in Rio Branco (AC), JiParaná (RO), Rolim de Moura (RO), Pimenta Bueno (RO) and Caceres (MT).

The table below summarizes the consideration paid, the book balances of the assets acquired and liabilities assumed on the acquisition date and the allocation of the purchase price determined preliminarily based on the fair value of the assets acquired and liabilities assumed. The accounting standard "CPC15 / IFRS 3 - Business Combination" allows the Company to complete this process for allocating the consideration transferred between identified assets and liabilities for up to 12 months from the acquisition date.

	Athenas
Assets	
Cash and cash equivalents	7,563
Trade receivables	19,699
Taxes and contributions	170
Property, plant and equipment (i)	86,215
Legal deposits	98
Deferred taxes	16,426
Other assets	2,474
	132,645
Liabilities	
Leases	(58,354)
Financial liabilities	(36,797)
Suppliers	(6,148)
Labor liabilities	(8,458)

In thousands of Reais, except when otherwise indicated

Tax obligations	(5,611)
Payment in installments	(362)
Provision for demobilization	(8,839)
Other liabilities	(6,696)
	(131,265)
Net assets acquired	1,380
Identifiable assets at fair value (ii)	10,053
Goodwill	141,726
Total Consideration	**153,159**
Cash Flow at the time of acquisition	
Net debt cash	65,958
Commitments payable	57,201
Earn-Out	30,000
Net cash flow on acquisition	**153,159**

(i) Property, plant, and equipment at fair value are comprised of the amounts acquired by Athenas, plus the effects of the allocation of business combinations, in the amount of BRL 3,663.

(ii) Intangible assets at fair value are comprised of the amounts acquired by Athenas, plus the effects of the allocation of business combinations:

Main intangible assets identified	Expected life in years	Amount
Customer portfolio	4	5,129
Operating license	3	1,261

Sociedade Ensino Superior Adtalem Brasil Holding Ltda (Adtalem)

On October 18, 2019, the Company signed a private instrument of purchase and sale through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), to acquire the totality of the units of ownership of Adtalem Brasil Holding Ltda ("Adtalem"), for the amount of BRL 2,206,497. The Company liquidated the transaction on April 24, 2020, thus the income of the acquired company was consolidated as of May 1, 2020.

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

	Adtalem
Fair value of acquired assets	
Cash and cash equivalents	843
Notes and securities	467,961
Trade receivables	205,918
Taxes and contributions	14,517
Property, plant and equipment (i)	600,217
Intangible (ii)	587,147
Legal deposits	22,741
Deferred taxes	19,595
Other assets	19,243
	1,938,182

In thousands of Reais, except when otherwise indicated

Fair value of assumed liabilities	
Suppliers	(18,705)
Leases	(293,458)
Salaries and charges	(68,087)
Tax obligations	(17,403)
Provision for Contingencies	(34,013)
Deferred taxes	(3,076)
Other liabilities	(55,328)
	(490,070)
Net assets	**1,448,112**
Goodwill	762,515
Total consideration paid	**2,210,627**

(i) Property, plant and equipment at fair value comprise the amounts acquired by Adtalem, plus the effects of the allocation of business combinations in the amount of BRL76,441.

(ii) Intangible assets at fair value comprise the amounts acquired by Adtalem, plus the effects of the allocation of the business combination:

Main intangible assets identified	Expected life in years	Amount
Customer portfolio	1 to 5	142,680
Brand	14 to 16	287,682

The acquired net assets were recorded in the financial statements as of December 31, 2021, based on an assessment of fair value at the base date of acquisition.

1.6 New presentation of comparative figures

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

The effects of resubmission are shown below:

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

Year ended on December 31, 2020

			Parent			Consolidated
Statements of cash flows	**Original**	**Adjusted**	**Restated**	**Original**	**Adjusted**	**Restated**
Net cash generated by (used in) operating activities	(87,328)		(87,328)	1,137,210		1,137,210
Application of Securities		(2,575)	(2,575)		(339,343)	(339,343)
Net cash used in investment activities	(2,204,291)	(2,575)	(2,206,866)	(2,348,765)	(339,343)	(2,688,108)
Net cash provided by financing activities	2,548,718		2,548,718	2,235,719		2,235,719
Increase (decrease) in cash and cash equivalents	**257,099**	**(2,575)**	**254,524**	**1,024,164**	**(339,343)**	**684,821**
Cash and cash equivalents at the beginning of the year	208,552	(128,949)	79,603	609,112	(368,592)	240,520
Cash and cash equivalents at the end of the year	465,651	(131,524)	334,127	1,633,276	(707,935)	925,341
ncrease (decrease) in cash and cash equivalents	**257,099**	**(2,575)**	**254,524**	**1,024,164**	**(339,343)**	**684,821**

1.7 Covid-19 Effect

As of March 11, 2020, the World Health Organization (WHO) announced the outbreak of the COVID-19 pandemics. Since the beginning of the pandemic, the Company has implemented measures to keep our service provision as well as all the support necessary to carry on business.

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

The remaining effects of the COVID-19 pandemic were punctual and the main impact on the Company's income was from court decisions with effect for the students and/or individualized groups on deductions of monthly fees. These effects had a non-recurring impact on net revenue of BRL35.4 million as of December 31, 2021 (BRL217.9 million as of December 31, 2020).

Additionally, the Company continues to follow the reflexes of the pandemic, the main ones being the following:

1) Cash position;
2) Trade receivables;
3) Assessment of the assets Impairment.

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 value on the acquisition date. Acquisition-related costs are recorded in the statement of profit and loss 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 operation 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 (loss) 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 derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both conditions below are met:
- The financial asset was recorded in the business model as financial assets for purposes of receiving contractual cash flows; and
- There must be cash flows which are paid on specific dates and which consist of payments of principal and interest, exclusively, on the amount of the outstanding principal amount. These cash flows must be paid as a direct result of the contractual terms of the financial asset.

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

The Company's financial assets at amortized cost include cash and cash equivalents, 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 recorded in the business model as financial assets for purposes of receiving contractual cash flows; and
- There must be cash flows which are paid on specific dates and which consist of payments of principal and interest, exclusively, on the amount of the outstanding principal amount. These cash flows must be paid as a direct result of the contractual terms of the financial asset.

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. Any remaining changes in fair value are recognized in other comprehensive income. Upon derecognition, 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 and 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.

Financial assets at fair value through profit or loss are presented in the statement of financial position at 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 bonds and securities.

Derecognition (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 profit or loss for the year) when: the rights to receive cash flows from the asset expire; 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, 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 at 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 year ended on December 31, 2021, 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 borrowings and trade payables, the directly related transaction costs are added.

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

Subsequent measurement

After the initial recognition, loans and borrowings subject to interest are subsequently measured at 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 at the effective interest rate method.

Derecognition (write-off)

A financial liability is written off when the obligation is revoked, cancelled or expires. When an existing financial liability is replaced with 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 derecognition of the original liability and recognition of a new liability, and the difference in the related carrying amounts 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

Bonds and securities have the features of financial assets measured at fair value through profit or loss, long-term maturity, immediate liquidity and are recorded with their financial yield (income) added, 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 profit or loss of the year, on an accrual basis.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method, less allowance for doubtful accounts ("Impairment Loss on Trade Receivables") or impairment

2.6 Allowance for doubtful accounts

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 controlled companies are evaluated by the equity method. Goodwill representing expected future profitability is included in investment, in the individual financial statements.

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

Expenditure subsequent to initial recognition is 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 the item are likely and the amounts can be measured reliably. The residual balance of the replaced item is written-off. Other repairs and maintenance are recognized directly in earnings 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 year.

2.9 Intangible Assets

(a) Goodwill

Goodwill is represented by the surplus remaining after the allocation of the amount paid to all identified tangible and intangible assets and liabilities of the subsidiary acquired. In the case of a negative goodwill calculation, the amount is recorded as a gain in the income for the 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 institution acquired, 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) Trademark

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 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) Operating License

The fair value of the existing operating license is determined based on the cost approach. The value is derived from the current expenses to acquire the license, which include: MEC fees, preparation of PDI (Institutional Development Plan) and PPC (Pedagogical Course Project), rent before the start of the operation and various costs for teachers for visits, travel, meals, transport, etc. Amortization is calculated based on the accreditation period of educational institutions, which is 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 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 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 for 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 expenses are not recognized as assets 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 premium impairment reviews are made annually or more frequently if the events or changes in circumstances indicate 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 selling costs and its value in use.

For impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows (Cash Generating Units or CGU). For the purposes of this test, allocation of goodwill is made to the Cash

Generating Units, represented by each institution acquired, 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 the reporting date. Goodwill impairment recognized in income for the 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 agreement in a transaction on an arm’s length basis, between knowledgeable and interested parties, adjusted by expenses attributable to the sale of the asset, or when there is no firm selling agreement, based on the market price of an active market, or on the price of the most recent transaction with similar assets.

2.11 Lease

As of January 1, 2019, the Company adopted CPC 06 (R2) / IFRS 16 - Lease Operations, using the retrospective transition method with cumulative effect. The new standard replaced IAS 17 – Lease Operations.

The lease liabilities arise from the recognition of future payouts and the right to use the leased asset for practically all lease agreements, including the operational ones. Certain short-term or low value agreements may be out of scope.

2.12 Loans and borrowings

The loans are initially recognized at the fair value, net of costs incurred in the transactions and are subsequently stated at the amortized cost. Any difference between the amounts raised (net of transaction costs) and the total amount 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 liabilities, 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 year, based on its bylaws. Any amount 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 asset 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 recording of a provision in the Company's liabilities. Interest incurred on updating the provision is classified as financial expenses. Retirement estimates are reviewed annually and 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 non-formalized obligation (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 over 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 amount of revenues received as a result of providing higher education services, including undergraduate courses and specific-training associate degrees.

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

Income tax and social security contribution - current

Current income tax and social security contribution were calculated considering the criteria established by the 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 and unused tax credits and losses, as far as it is probable that taxable income will be available, to allow deductible temporary differences to be realized and unused 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 that taxable income will be available to allow the utilization of all or part of the deferred tax assets. Written-off deferred tax assets are reviewed on each reporting date and are recognized to the extent that it is 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 the 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 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, 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 amount 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 amount of the expense is recognized during the period in which the right is vested, namely the 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.

Amounts 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.

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

d) Share of profit

The Group recognizes a liability and an expense for share 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 which created a constructive obligation.

2.18 Profit sharing

The Group recognizes a liability and an expense for profit sharing 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 it is contractually obligated or when there is a past practice that created a constructive obligation.

2.19 Earnings per share

The Company calculates earnings per lot of 1000 shares, using the weighted average number of total outstanding ordinary shares during the 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 ordinary 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 purchased 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

Ordinary 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 amounts raised, net of tax.

In thousands of Reais, except when otherwise indicated

When a company in the Group purchases shares of the Company's capital (treasury shares), the amount 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 amount 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 has concluded that it is acting as principal in all its income agreements.

The Group recognizes revenue when its value can be reliably measured, it is 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 and net foreign exchange and monetary variations.

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 results 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 amounts 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 amounts of Cash Generating Units (CGUs) were determined based on calculations of the value in use, based on the following estimates.

		In percentage
	2021	**2020**
Average gross margin (i)	55.7	53.5
Growth rate (ii)	3.5	5
Discount rate (iii)	12.3	11.7

(i) Average budgeted gross margin.
(ii) Weighted average growth rate used to extrapolate the cash flow 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.

(v) Provision for doubtful accounts

As of January 1, 2018, the impairment loss on trade receivables (PCLD) started to be calculated in accordance with the guidelines of IFRS 9 – CPC 48. As a result of the adoption of the standard, the Company started to measure the impairment loss on trade receivables based on the expected loss and no longer based on the incurred loss, and therefore, it adopted the simplified model provided for in the standard.

The Company sets up an impairment loss on trade receivables (PCLD) on a monthly basis, for which the Group policy determines a % of probability of expected and estimated loss of overdue or coming due receivables, and their respective breakdowns by range of arrears and paying classes.

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, whereby 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 agreement, when applicable. Acquisition-related costs are recorded in the statement of profit and loss of the fiscal year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date.

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 the statement is presented, as required by Brazilian corporate law, and by the accounting policies adopted in Brazil applicable to publicly held companies.

In thousands of Reais, except when otherwise indicated

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, return 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 will start to present income in 3 large generating units, with the transactions being: on-site, 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

	Parent		Consolidated	
	2021	Restated 2020	2021	Restated 2020
Cash and banks	1,204	118	47,729	28,407
Financial Bills (LFs) (Exclusive funds)	44,376	30,124	321,425	138,739
Bank Deposit Certificate (CDB)	356,152	301,836	425,762	709,340
CDB (Exclusive funds)	32,962	695	34,400	6,297
Repurchase	50,545	1,354	75,784	33,846
Corporate Credit			361	8,712
Cash and cash equivalents	485,239	334,127	905,461	925,341
Federal Sovereign Debt Securities (Investment Fund)	82,254	131,524	908,779	707,935
Notes and securities	82,254	131,524	908,779	707,935
Total	567,493	465,651	1,814,240	1,633,276

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, 2021, the transactions were remunerated based on percentages of the variation of the Interbank Deposit Certificate (CDI), with the exception of sovereign debt securities, which are indexed to the Selic rate and fixed rates.

On December 31, 2021 and 2020, 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), sovereign debt securities, repurchase agreements with prime banks and issuers. The average yield of the investment funds as of December 31, 2021, was 105.73% of the CDI rate with an average yield in 2021 of 107.33% of the CDI rate (average annual yield at December 31, 2020 was 90.10% of the CDI rate).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 98.27% as of December 31, 2021 (102.61% as of December 31, 2020)

In thousands of Reais, except when otherwise indicated

4 Trade receivables

	Consolidated	
	2021	**2020**
Monthly tuition fees received from students	1,422,254	1,450,572
FIES (a)	108,429	161,292
Partnership agreements and exchange deals	23,782	13,647
Credit card receivables (b)	130,991	90,450
Receivable agreements	144,171	125,879
	1,829,627	1,841,840
PCLD (impairment loss on trade receivables)	(559,243)	(694,604)
Unidentified amounts	(9,203)	(23,393)
(-) Adjustment to present value (c)	(29,803)	(19,532)
	1,231,378	1,104,311
Current assets	957,746	890,151
Non-current assets	273,632	214,160
	1,231,378	1,104,311

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

FIES Risk:

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

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

(ii) For the uncovered FGEDUC risk, contracted as from April 2012, a provision was made for 10% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 90%), assuming 15% exposure to this credit risk for an estimated default rate of 15%, i.e. 0.225%.

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

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

(c) (c) As of December 31, 2021, the adjustment to present value amounts to BRL 29,803 (BRL 10,817 related to PAR, BRL 15,808 to DIS, and BRL 3,178 to Athenas Financing System), and, as of December 31, 2020, BRL 19,532 (BRL 12,808 related to PAR and BRL 6,724 related to DIS).

The balance of long-term amounts as of December 31, 2021, 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:

	Consolidated	
	2021	**2020**
2021		13,620
2022	77,874	153,434
2023 to 2027	332,459	181,825
(-) Adjustment to present value	(29,802)	(19,532)
(-) Impairment loss on trade receivables	(106,899)	(115,187)
Non-current assets	273,632	214,160

The breakdown of receivables by age is presented below:

In thousands of Reais, except when otherwise indicated

	Consolidated			
	2021	**%**	**2020**	**%**
FIES	108,429	6	161,292	9
Not yet due	754,610	41	758,955	41
Overdue up to 30 days	210,484	12	201,029	11
Overdue for 31 to 60 days	117,009	6	122,654	7
Overdue for 61 to 90 days	106,888	6	93,975	5
Overdue for 91 to 179 days	181,073	10	127,735	7
Overdue for 180 to 360 days	351,134	19	376,200	20
	1,829,627	100	1,841,840	100

The breakdown of receivable agreements by age is presented below:

	Consolidated			
	2021	**%**	**2020**	**%**
Not yet due	53,898	37	42,653	34
Overdue up to 30 days	12,628	9	11,394	8
Overdue for 31 to 60 days	12,978	9	8,473	7
Overdue for 61 to 90 days	12,845	9	8,191	7
Overdue for 91 to 179 days	21,359	15	12,731	10
Overdue for 180 to 360 days	30,463	21	42,437	34
	144,171	100	125,879	100

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

Balance in 2019	471,190
Constitution	535,278
Impairment Loss on Trade Receivables (PCLD) acquired at the time of acquisition	103,211
Write-off of bills / checks overdue for more than 360 days	(415,075)
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

For the years ended December 31, 2021, and 2020, expenses for the provision for doubtful accounts, recognized in the statement of profit or loss as selling expenses line item (Note 25), were as follows:

	Consolidated	
	2021	**2020**
Net effect of the impairment loss on trade receivables on the income	513,912	535,278
	513,912	535,278

5 Related parties

The main balances as of December 31, 2021 and 2020, and the transactions that influenced the income for the year, related to related-party transactions, derive from transactions between the Company and its subsidiaries. Related-party transactions do not incur interest and/or adjustment for inflation.

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

In thousands of Reais, except when otherwise indicated

	Parent	
	2021	**2020**
Current liabilities		
Checking account		
Seses	50	78
Subsidiaries	50	78

6 Prepaid expenses

	Consolidated	
	2021	**2020**
Insurance	8,169	2,777
IPTU (Urban Real Estate Property Tax)	118	148
Advance of vacations and charges	3,468	2,176
Registration fee - MEC	3,630	2,827
Rents to be distributed	250	1,982
Technical-pedagogical cooperation - Santa Casa	1,056	1,479
Other prepaid expenses	1,493	847
	18,184	12,236
Current assets	10,140	8,178
Non-current assets	8,044	4,058
	18,184	12,236

In the parent, the amount of BRL 2 in the year ended on December 31, 2021, relates to non-life insurance policies (BRL 1 as of December 31, 2020).

7 Taxes and contributions recoverable

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
IRRF (i)	62,183	29,985	78,634	39,088
IRPJ/CSLL Prepayments			34,775	11,335
IRPJ/CSLL to be offset (ii)	26,263	17,620	74,299	99,952
PIS and COFINS			4,424	3,709
ISS			79,122	66,496
INSS			20,972	24,247
Other			500	500
	88,446	47,605	292,726	245,327
Current assets	66,182	32,557	163,664	137,601
Non-current assets	22,264	15,048	129,062	107,726
	88,446	47,605	292,726	245,327

(i) The amount presented here represents IRPJ prepayments in the form of withholding tax. The increase in 2021 is related to the IRRF on the Interest on Equity (JCP) transaction carried out between companies in the same economic group. Said prepayments revert to tax credits used to offset taxes in the following fiscal year.

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

In thousands of Reais, except when otherwise indicated

8 Investments in subsidiaries

(a) Parent Yduqs Participações S.A.

	2021		2020	
	Investment	**Investment Loss**	**Investment**	**Investment Loss**
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	4,262,642		3,923,597	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,362,904		1,226,699	
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	320,329		184,610	
Other subsidiaries (i)	2,632	(30)	3,246	(30)
	5,948,507	(30)	5,338,152	(30)

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

The subsidiaries' information is presented below:

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

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

									2020
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Income tax on goodwill from downstream merger**	**Total**	**Net profit (loss) for the year**
SESES	100%	2,977,837	4,949,627	1,026,030	3,923,597			3,923,597	156,165
IREP	100%	628,492	1,699,071	534,814	1,164,257	62,442		1,226,699	14,328
Estácio Ribeirão Preto	100%	23,837	269,831	82,991	186,840		(2,230)	184,610	89,372
Other subsidiaries (i)	100%		1,604	(1,605)	3,209	5		3,216	(1,219)
			6,920,133	1,642,230	5,277,903	62,447	(2,230)	5,338,122	258,646

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

The table below presents the overall activity of investments in subsidiaries in the years ended on December 31, 2021, and 2020:

Investments in subsidiaries in 2019	2,612,140
Equity accounting	258,646
Advance for future capital increase	2,468,200
Capital increase	(26,550)
Granted options	(270)
Restricted shares plan	25,987
Investments in subsidiaries in 2020	5,338,152
Equity accounting	424,947
Advance for future capital increase	177,208
Capital increase	(23,205)
Granted options	134
Restricted shares plan	31,271
Investments in subsidiaries in 2021	5,948,507

In thousands of Reais, except when otherwise indicated

We present below the information on direct subsidiaries' investments:

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

	2021	**2020**
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	104,986	105,077
YDUQS Participações 2 Ltda. ("ADTALEM")	2,209,573	2,121,705
	2,314,559	2,226,782

We present below the information on SESES' subsidiaries:

2021

	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Net profit (loss) for the year**
UNITOLEDO	100%	3,460	52,241	41,966	10,275	94,711	104,986	(91)
ADTALEM	100%	1,029,362	2,125,188	(2,242)	2,127,430	82,143	2,209,573	68,721
			2,177,429	39,724	2,137,705	176,854	2,314,559	68,630

2020

	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Net profit for the fiscal year**
UNITOLEDO	100%	3,460	49,992	39,626	10,366	94,711	105,077	7,695
ADTALEM	100%	1,014,623	2,573,856	534,294	2,039,562	82,143	2,121,705	17,381
			2,623,848	573,920	2,049,928	176,854	2,226,782	25,076

The table below represents the overall activities of the investments of the direct subsidiary SESES in its subsidiaries in the years ended on December 31, 2021, and 2020.

Investments in subsidiaries in 2019	96,236
Equity accounting	25,076
Advance for future capital increase	13,040
Granted options	1,955
Acquisition of subsidiary	2,008,196
Goodwill on the acquisition	82,279
Investments in subsidiaries in 2020	2,226,782
Equity accounting	68,630
Advance for future capital increase	16,830
Granted options	2,625
Restricted shares plan	(308)
Investments in subsidiaries in 2021	2,314,559

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

	2021	**2020**
Sociedade Educacional Atual da Amazônia ("ATUAL")	613,548	604,267
Athenas Serviços Administrativos Ltda ("ATHENAS")	193,787	4,766
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	43,817	40,424
União Educacional Meta Ltda ("UNIÃO META")	47,632	48,082
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	86,716	81,704
Other subsidiaries (i)	39,812	44,700
	1,025,312	823,943

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

We present below the information on IREP's subsidiaries:

In thousands of Reais, except when otherwise indicated

								2021
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Net profit (loss) for the year**
ATUAL	100%	442,932	635,861	37,816	598,045	15,503	613,548	(4,859)
UNIJIPA	100%	21,468	43,434	26,589	16,845	54,936	71,781	2,044
UNIÃO META	100%	27,173	62,503	47,720	14,783	33,242	48,025	(1,026)
CENTRO PANTANAL	100%	12,661	33,614	20,530	13,084	51,740	64,824	5,448
Other subsidiaries (i)	100%		291,714	89,444	202,270	25,367	227,637	(1,503)
			1,067,126	222,099	845,027	180,788	1,025,815	104

								2020
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity (unsecured liabilities)**	**Goodwill**	**Total**	**Net profit (loss) for the year**
ATUAL	100%	434,777	647,156	58,392	588,764	15,503	604,267	15,236
UNIJIPA	100%	20,118	29,417	15,965	13,452	54,936	68,388	(86)
UNIÃO META	100%	27,033	51,558	36,325	15,233	33,242	48,475	(118)
CENTRO PANTANAL	100%	12,661	24,435	16,363	8,072	51,740	59,812	1,000
Other subsidiaries (i)	100%		47,663	29,526	18,137	25,367	43,504	(6,127)
			800,229	156,571	643,658	180,788	824,446	9,905

(i) Refers 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 years ended on December 31, 2021 and 2020:

Investments in subsidiaries in 2019	623,802
Equity accounting	9,905
Acquisition of subsidiary	38,029
Goodwill on the acquisition	142,230
Advance for future capital increase	10,385
Granted Options	95
Investments in subsidiaries in 2020	824,446
Equity accounting	104
Advance for future capital increase	201,265
Investments in subsidiaries in 2021	1,025,815

Information on the investments of indirect subsidiaries:

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

	2021	**2020**
Sociedade Educacional da Amazônia ("SEAMA")	66,414	58,243
Unisãoluis Educacional S.A ("SÃO LUIS")	89,210	84,955
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	40,401	47,703
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("Estácio Amazonas")	49,581	52,022
Instituto de Estudos Superiores da Amazônia ("IESAM")	111,811	103,026
Centro de Ensino Unificado de Teresina ("CEUT")	60,160	56,380
Faculdade Nossa Cidade ("FNC")	85,090	91,033
Faculdades Integradas de Castanhal Ltda. ("FCAT")	47,879	44,639
Other subsidiaries (i)	30,305	35,435
	580,851	573,436

(i) Refers to the companies IDEZ, FARGS, UNIUOL, ASSESC, and FUFS.

We present below the information on ATUAL's subsidiaries:

In thousands of Reais, except when otherwise indicated

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Goodwill	Total	2021 Profit net (loss) for the 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)
			571,935	269,487	302,448	266,839	11,564	580,851	(714)

(i) Refers to the companies IDEZ, FARGS, UNIUOL, ASSESC, and FUFS.

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Goodwill	Total	2020 Profit net (loss) for the year
SEAMA	100%	4,407	56,276	16,068	40,208	18,035		58,243	8,536
SÃO LUIS	100%	3,819	82,678	25,091	57,587	27,368		84,955	(1,540)
FACITEC	100%	6,051	84,041	62,992	21,049	26,654		47,703	(1,134)
Estácio Amazonas	100%	48,797	56,158	30,350	25,808	26,214		52,022	1,250
IESAM	100%	14,980	73,024	8,580	64,444	26,797	11,785	103,026	8,398
CEUT	100%	16,938	44,839	16,027	28,812	27,568		56,380	7,847
FNC	100%	22,328	44,616	25,629	18,987	72,046		91,033	(1,159)
FCAT	100%	12,191	46,764	22,246	24,518	20,121		44,639	8,031
Other subsidiaries (i)	100%		43,462	30,063	13,399	22,036		35,435	(9,539)
			531,858	237,046	294,812	266,839	11,785	573,436	20,690

(i) Refers to the companies IDEZ, FARGS, UNIUOL, ASSESC, and FUFS.

The table below presents the overall activity of investments of the direct subsidiary ATUAL in its direct subsidiaries in the years ended on December 31, 2021, and 2020:

Investments in subsidiaries in 2019	553,793
Equity accounting	20,690
Advance for future capital increase	2,090
Amortization of goodwill	(3,256)
Granted options	95
Capital increase	24
Investments in subsidiaries in 2020	573,436
Equity accounting	(714)
Advance for future capital increase	8,350
Amortization of goodwill	(221)
Investments in subsidiaries in 2021	580,851

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

	2021	2020
YDUQS Educacional Ltda ("UNIFANOR")	1,810,985	1,745,194
Damásio Educacional Ltda ("DAMÁSIO")	312,446	291,919
	2,123,431	2,037,113

In thousands of Reais, except when otherwise indicated

We present below the information on ADTALEM's subsidiaries:

								2021
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Profit profit for the year**
UNIFANOR	100%	129,717	2,037,063	226,078	1,810,985	477,965	1,810,985	65,950
DAMÁSIO	100%	260,380	386,156	73,710	312,446	104,549	312,446	4,819
			2,423,219	299,788	2,123,431	582,514	2,123,431	70,769

								2020
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Net profit (loss) for the year**
UNIFANOR	100%	129,717	1,979,686	234,492	1,745,194	477,965	1,745,194	16,087
DAMÁSIO	100%	228,040	368,422	76,503	291,919	104,549	291,919	(10,535)
			2,348,108	310,995	2,037,113	582,514	2,037,113	5,552

The table below represents the overall activities of the investments of the direct subsidiary Adatalem in its subsidiaries in the years ended on December 31, 2021, and 2020:

Investments in subsidiaries in 2019	811,368
Equity accounting	5,552
Capital increase	1,208,160
Advance for future capital increase	12,033
Investments in subsidiaries in 2020	2,037,113
Equity accounting	70,769
Advance for future capital increase	15,227
Restricted shares plan	(308)
Capital increase	630
Investments in subsidiaries in 2021	2,123,431

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

	2021	**2020**
Instituto de Ensino Superior da Amazonia Ltda ("FMF")	44,455	44,954
Sociedade Educacional Ideal Ltda ("FACI")	119,117	113,610
IBMEC Educacional Ltda ("IBMEC")	218,968	219,723
A. Região Tocantina de Educação e Cultura Ltda ("FACIMP")	46,553	37,343
ABEP – Academia Baiana de Ensino Pesquisa e Extensão Ltda ("RUY BARBOSA")	56,749	61,811
Sociedade de Educação do Vale do Ipojuca Ltda ("UNIFAVIP")	191,579	158,912
	677,421	636,353

We present below the information on UNIFANOR's subsidiaries:

In thousands of Reais, except when otherwise indicated

								2021
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Profit net (loss) for the year**
FMF	100%	31,065	60,837	16,382	44,455	24,365	44,455	(491)
FACI	100%	41,127	97,708	(21,409)	119,117	2,772	119,117	5,506
IBMEC	100%	85,201	387,789	168,821	218,968	400,658	218,968	17,074
FACIMP	100%	5,310	80,481	33,928	46,553	14,196	46,553	9,209
RUY BARBOSA	100%	5,753	41,494	(15,255)	56,749		56,749	(5,064)
UNIFAVIP	100%	12,000	200,548	8,969	191,579	35,974	191,579	32,666
			868,857	191,436	677,421	477,965	677,421	58,900

								2020
	Interest	**Number of units of ownership**	**Total assets**	**Total liabilities**	**Equity**	**Goodwill**	**Total**	**Profit net (loss) for the year**
FMF	100%	31,065	65,588	20,634	44,954	24,365	44,954	25
FACI	100%	41,127	90,398	(23,212)	113,610	2,772	113,610	15,616
IBMEC	100%	85,315	392,748	173,025	219,723	400,658	219,723	730
FACIMP	100%	5,310	66,811	29,468	37,343	14,196	37,343	7,281
RUY BARBOSA	100%	5,753	63,505	1,694	61,811		61,811	(1,246)
FAVIP	100%	12,000	175,265	16,353	158,912	35,974	158,912	17,547
			854,315	217,962	636,353	477,965	636,353	39,953

Investments in subsidiaries in 2019	597,981
Equity accounting	39,953
Other	(1,581)
Investments in subsidiaries in 2020	636,353
Equity accounting	58,900
Advance for future capital increase	(333)
Equity valuation adjustment (i)	(17,472)
Restricted shares plan	(27)
Investments in subsidiaries in 2021	677,421

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

9 Intangible Assets

(a) Intangible Assets – Parent

		2020			2021
		Cost	**Additions**	**Transfer**	**Cost**
Cost					
Goodwill on investment acquisitions (i)		780,065			780,065
Software use rights		99			99
Integration Project		212		(212)	
Goodwill		79,704			79,704
Other				212	212
		860,080			860,080
	Amortization rates	**Amortization**	**Additions**	**Transfer**	**Amortization**
Amortization					
Software use rights	20% p.a.	(99)			(99)
Integration Project	20% p.a.	(181)	(26)	207	

In thousands of Reais, except when otherwise indicated

Goodwill	20 to 33% p.a.	(79,704)			(79,704)
Other	20% p.a.		(5)	(207)	(212)
Total		(79,984)	(31)		(80,015)
Net residual balance		780,096	(31)		780,065

		2019		2020
		Cost	**Additions**	**Cost**
Cost				
Goodwill on investment acquisitions (i)		780,065		780,065
Software use rights		99		99
Integration Project		212		212
Goodwill		79,704		79,704
		860,080		860,080
	Amortization rates	**Amortization**	**Additions**	**Amortization**
Amortization				
Software use rights	20% p.a.	(99)		(99)
Integration Project	20% p.a.	(138)	(43)	(181)
Goodwill	20 to 33% p.a.	(79,704)		(79,704)
		(79,941)	(43)	(79,984)
Net residual balance		780,139	(43)	780,096

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

(b) Intangibles Assets – Consolidated

		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 use rights		650,949	147	257,590	(27)	19,012	(156)	927,515
DL 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
Customer portfolio		179,745			(1,001)			178,744
Other		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
	Amortization rates	**Amortization**	**Additions by acquisitions**	**Additions**	**Write-offs**	**Transf.**	**Reclass.**	**Amortization**
Amortization								
Goodwill on investment acquisitions	Indefinite	(6,924)						(6,924)
Software use rights	10 to 20% p.a.	(396,651)	(59)	(123,544)			2	(520,252)
DL and Integration	20% p.a.	(18,210)		125				(18,335)
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)
Customer portfolio	2 to 33% p.a.	(53,258)		(33,465)				(86,723)
Other	20 to 50% p.a.	(184,682)		(30,833)				(215,515)
		(839,041)	(59)	(231,056)			2	(1,070,154)
Net residual balance		3,186,539	4,252	318,445	(1,140)		468	3,508,563

In thousands of Reais, except when otherwise indicated

	2019						2020
	Cost	**Additions by acquisitions**	**Additions**	**Write-offs**	**Transf.**	**Reclass.**	**Cost**
Cost							
Goodwill on investment acquisitions	1,276,056	904,285	136				2,180,477
Software use rights	441,660	59,333	161,639	(13,827)	2,402	(258)	650,949
DL and Integration	18,360						18,360
Learning Center	102,810		12,881		(325)		115,366
IT Architecture	21,664						21,664
Online class material	8,043						8,043
Knowledge Factory - DL	44,372		12,352				56,724
Questions database	13,122		764				13,886
Brand	85,921	399,002					484,924
Customer portfolio		179,951		(206)			179,745
Other	185,555	38,308	72,075		(2,077)	1,582	295,442
	2,197,563	1,580,879	259,847	(14,033)		1,324	4,025,580

	Amortization rates	**Amortization**	**Additions by acquisitions**	**Additions**	**Write-offs**	**Transf.**	**Reclass.**	**Amortization**
Amortization								
Goodwill on investment acquisitions	Indefinite	(6,924)						(6,924)
Software use rights	10 to 20% p.a.	(293,265)	(23,545)	(92,821)	12,911	34	35	(396,651)
DL and Integration	20% p.a.	(17,904)		(306)				(18,210)
Learning Center	10% p.a.	(43,147)		(13,170)				(56,317)
IT Architecture	17 to 20% p.a.	(16,220)		(3,845)				(20,065)
Online class material	20% p.a.	(7,457)		(326)				(7,783)
Knowledge Factory - DL	10% p.a.	(13,578)		(5,406)				(18,984)
Questions database	20% p.a.	(8,002)		(2,482)				(10,484)
Brand	2 to 33% p.a.	(51,179)		(14,504)				(65,683)
Customer portfolio	2 to 33% p.a.		(26,648)	(26,610)				(53,258)
Other	20 to 50% p.a.	(129,471)	(38,025)	(17,152)		(34)		(184,682)
		(587,147)	(88,218)	(176,622)	12,911		35	(839,041)
Net residual balance		1,610,416	1,492,661	83,225	(1,122)		1,359	3,186,539

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

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Goodwill on acquisitions of investments net of accumulated amortization:				
ADTALEM			762,515	762,559
ATHENAS			307,897	141,726
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	2,339,680	2,173,553

In thousands of Reais, except when otherwise indicated

The Company carries out annual impairment tests, the last being for the year ended on December 31, 2021, related to goodwill on investment acquisitions and mergers, based on expected future profitability for projected future income over the next 10 years using a nominal perpetuity growth rate of 3.5% p.a. and a single nominal discount rate of 12.3% to discount estimated future cash flows.

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

Management determined the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates 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 on the historical performance of the Company and macroeconomic assumptions that are reasonable and grounded based on the projections of financial market, documented and approved by Company's Management.

10 Property, plant and equipment

Property, plant and equipment - Consolidated

	2020						2021
	Cost	**Additions by Acquisition**	**Addition**	**Write-offs**	**Transf.**	**Reclass.**	**Cost**
Cost							
Lands	68,235						68,235
Buildings	349,601	301	2,242		3,506	235	355,885
Buildings in third-parties	1,677,964		369,079	(127,347)			1,919,696
Improvement works on third parties' real estate properties	594,863		40,456	(25,314)	69,696	6,790	686,491
Fixtures and fittings	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
Construction in progress	61,452		84,076	(179)	(73,427)	(7,944)	63,978
Demobilization	82,677		14,353	(19,965)			77,065
Other	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 Acquisition**	**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)
Buildings in third-parties	21.60% p.a.	(441,625)		(258,758)	65,017			(635,366)
Improvement works on third parties' real estate properties	4 to 11.11% p.a.	(238,354)		(89,823)	23,607	(46,782)	(4,143)	(355,495)
Fixtures and fittings	8.33 to 10% p.a.	(114,848)	(69)	(17,268)	1,549	8,555		(122,081)
Computers and peripherals	20 to 25% p.a.	(196,514)	(370)	(26,165)	25,077	9,878	(3,187)	(191,281)
Machinery and equipment	8.33 to 10% p.a.	(79,202)	(27)	(15,820)	2,823	(18,340)	3,185	(107,381)
Physical activity equipment	6.67% p.a.	(36,837)		(6,209)	(1,448)	94		(44,400)
Library	5 to 10% p.a.	(116,718)		(8,046)	108			(124,656)
Facilities	8.33 to 20% p.a.	(38,293)		(8,795)	1,311			(45,777)
Demobilization		(46,590)		(8,302)	19,714	2		(35,176)
Other	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

In the parent company, the amount of BRL 2 in the period ended on December 31, 2021, relates to computers and peripherals (BRL 5 in the year ended on December 31, 2020).

In thousands of Reais, except when otherwise indicated

	2019 Cost	Additions by acquisitions	Addition	Write-offs	Transf.	Reclass.	2020 Cost
Cost							
Lands	19,787	48,448					68,235
Buildings	241,413	93,224	4,163		7,861	2,940	349,601
Buildings in third-parties	1,134,379	404,704	162,418	(23,537)			1,677,964
Improvement works on third parties' real estate properties	364,147	154,077	11,957	(448)	65,748	(618)	594,863
Fixtures and fittings	140,155	52,478	15,911	(1,343)	60	38	207,299
Computers and peripherals	182,156	57,920	27,635	(8,572)		36	259,175
Machinery and equipment	138,724	60,183	21,909	(44,161)	77	(2)	176,730
Physical activity equipment	87,887	8,501	15,118	(53)	38	61	111,552
Library	171,481	39,133	1,505	(404)			211,715
Facilities	64,946	11,071	6,802		4	302	83,125
Tablets	9,309			(9,309)			
Constructions in progress	41,790	6,943	90,591		(73,792)	(4,080)	61,452
Demobilization	27,471	34,647	20,559				82,677
Other	18,342	3,278	2,033	(27)	1		23,627
	2,641,987	974,607	380,601	(87,854)	(3)	(1,323)	3,908,015

	Depreciation rates	Depreciation	Additions by acquisitions	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(67,310)	(58,434)	(8,236)			(636)	(134,616)
Buildings in third-parties (i)	21.60% p.a.	(163,985)	(71,405)	(211,992)	5,757			(441,625)
Improvement works on third parties' real estate properties	4 to 11.11% p.a.	(191,733)		(47,684)	449		614	(238,354)
Fixtures and fittings	8.33 to 10% p.a.	(71,906)	(28,523)	(15,714)	1,292	3		(114,848)
Computers and peripherals	20 to 25% p.a.	(145,829)	(37,521)	(21,099)	8,560	(624)	(1)	(196,514)
Machinery and equipment	8.33 to 10% p.a.	(94,621)	(13,320)	(16,028)	44,143	624		(79,202)
Physical activity equipment	6.67% p.a.	(28,005)	(2,554)	(6,320)	43		(1)	(36,837)
Library	5 to 10% p.a.	(84,379)	(23,543)	(9,200)	404			(116,718)
Facilities	8.33 to 20% p.a.	(25,970)	(6,396)	(5,915)			(12)	(38,293)
Tablets	20% p.a.	(8,901)		(408)	9,309			-
Demobilization		(18,267)	(11,136)	(17,187)				(46,590)
Other	14.44 to 20% p.a.	(8,859)	(2,007)	(2,530)	22			(13,374)
		(909,765)	(254,839)	(362,313)	69,979	3	(36)	(1,456,971)
Net residual balance		1,732,222	719,768	18,288	(17,875)		(1,359)	2,451,044

(i) Some assets acquired through financing or leasing (Note 12) were given as guarantees in respect of the related agreements. The Company and its subsidiaries did not grant other guarantees for assets owned by them in any transactions carried out.

The Group leases a number of rights-of-use assets, such as machinery and equipment, peripherals, fixtures and fittings and properties rental, under non-cancelable lease agreements. The lease terms are according to the contract term. The assets title does not belong to the Group. All the Group’s leases are recognized by the operation’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 amount 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, 2021, and 2020, there was no need to record any provision for impairment of its property, plant and equipment assets.

In thousands of Reais, except when otherwise indicated

11 Loans and borrowings

		Parent/Consolidated	
Type	**Financial charges**	**2021**	**2020**
In local currency			
Debentures			
5th debenture issuance (1st Series)	CDI+0.585% p.a.	256,805	252.028
5th debenture issuance (2nd Series)	CDI+0.785% p.a.	359,400	352.833
6th debenture issuance	CDI + 2.50% p.a.	1,863,086	
7th debenture issuance	CDI + 1.65% p.a.	301,778	
		2,781,069	604.861
Loans and borrowings			
Santander loan	CDI +1.10% p.a.		605.805
ABC Loan	CDI +3.85% p.a.		50.503
Safra Loan	CDI +2.80% p.a.	201,168	200.258
FINEP loan	6% p.a.	1,869	2.474
Itaú CCB Loan	CDI +2.70% p.a.	153,363	151.695
Bradesco CCB Loan	CDI +2.70% p.a.	368,662	362.347
Banco do Brasil CCB Loan	CDI +1.85% p.a.	100,675	100.089
Itaú promissory notes	CDI+2.5% p.a.		361.309
Citibank loan	CDI+2.75% p.a.		75.825
		825,737	1.910.305
In foreign currency			
Citibank loan	USD_SOFR + 1.09% p.a.	455,388	988.584
		4.062.194	3,503,750
Current liabilities		972.835	390,302
Non-current liabilities		3.089.359	3,113,448
		4.062.194	3,503,750

Activity in loans and debentures presented below covers the periods ended on December 31, 2021, and 2020:

	Parent/Consolidated	
	2021	**2020**
Initial Balance	**3,503,750**	**615,135**
Fundraising	2,633,680	3,209,548
Interest, monetary variation	246,704	108,277
Foreign exchange variance (Swap)	(157,808)	161,598
Interest paid	(209,594)	(81,424)
Principal amortization	(1,940,248)	(500,587)
Loan funding costs	(14,289)	(8,797)
Closing Balance	**4,062,195**	**3,503,750**

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

In thousands of Reais, except when otherwise indicated

	Parent/Consolidated	
	2021	**2020**
2022		2,612,473
2023	770,039	325,297
2024	272,695	175,553
2025	1,022,248	
As from 2026	1,024,377	125
Non-current liabilities	3,089,359	3,113,448

The amounts of the Group loans are mainly in Reais, with one agreement in US dollars (USD).

In January 2021, the Company decided with Citibank to roll over the 2nd 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.

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

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

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

In addition to the February 2021 settlements, the Company completed the sixth debenture issuance in the total amount of BRL 1,850,000 due on February 19, 2026, in a single series, at a cost of 100% of the CDI + 2.50% p.a., with the first principal amortization on February 19, 2025, in the amount of BRL 925,000, and the second principal amortization on February 19, 2026, in the amount of BRL 925,000.

In April 2021, the Company fully settled the CCB agreement with Banco ABC in the amount of BRL 51,475.

In November 2021, the Company concluded the contracting of the 4th loan of line 4131 with Citibank in the amount of USD 80 million (converted to BRL 447,600 in equivalent quotation on that date) with single amortization of the principal on November 29, 2023 at the cost of USD_SOFR + 1.09% p.a.

Also in November 2021, the Company settled the 2nd loan of line 4131 with Citibank in the amount of BRL 226,372 and the 3rd loan of line 4131 in the amount of 145,104.

Completing the settlements in November 2021, the Company fully settled the CCB with Citibank in the amount of BRL 76,138.

In addition to the November 2021 settlements, the Company completed the seventh debenture issuance in the total amount of BRL 300.000 due on November 27, 2026, in a single series, at a cost of 100% of the CDI + 1.65% p.a., with the first principal amortization on February 29, 2024, in the amount of BRL 100,000, the second principal amortization on February 27, 2025, in the amount of BRL 100,000, and the third principal amortization on February 27, 2026, in the amount of BRL 100,000.

The agreements held with several creditors include covenants that require the maintenance of certain financial indexes with previously established parameters. As of December 31, 2021, and 202, the subsidiaries and the parent company reached all indices required in the agreements.

12 Lease liabilities and assets

The lease liabilities arise from the recognition of future payouts and the right to use the leased asset for practically all lease agreements, including the operational ones. Certain short-term or low value agreements may be out of scope.

In thousands of Reais, except when otherwise indicated

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 agreements:

Agreements	DI X Pre Curve	Risk premium	Estácio Rate	Month Rate
0 to 5 years	11.18%	105.00%	11.74%	0.98%
5 to 10 years	11.30%	105.00%	11.87%	0.94%
10 to 15 years	11.26%	105.00%	11.82%	0.94%
15 to 30 years	11.56%	105.00%	12.14%	0.96%

Lease agreements are secured by the underlying assets.

	Consolidated	
	2021	**2020**
Leases payable	2,123,400	1,970,971
Lease interest	(678,519)	(619,647)
	1,444,881	1,351,324
Current liabilities	221,562	199,549
Non-current liabilities	1,223,319	1,151,775
	1,444,881	1,351,324

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

Changes in leasing assets and liabilities in the year:

Right-of-use assets

	Consolidated		
	Buildings from third parties	**Other**	**Total**
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	(258,759)	(8,336)	(267,095)
Right-of-use assets 2021	1,284,329	12,652	1,296,981

Lease liabilities

	Consolidated		
	Buildings from third parties	**Other**	**Total**
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	(324,635)	(9,168)	(333,802)
Right-of-use liabilities in 2021	1,432,270	12,611	1,444,881
Current	214,572	6,991	221,562
Non-current	1,217,698	5,620	1,223,319
	1,432,270	12,611	1,444,881

Right-of-use assets

	Consolidated		
	Buildings from third parties	**Other**	**Total**
Right-of-use assets in 2019	970,395	13,298	983,692
Additions by acquisitions	333,299		333,299

In thousands of Reais, except when otherwise indicated

Additions	162,418	14,496	176,914
Write-offs	(17,781)		(17,781)
Depreciation	(211,993)	(10,475)	(222,468)
Right-of-use assets in 2020	1,236,338	17,320	1,253,657

Lease liabilities

			Consolidated
	Buildings from third parties	Other	Total
Right-of-use liabilities in 2019	1,021,766	14,750	1,036,516
Additions by acquisitions	354,237		354,237
Additions	165,064	14,496	179,560
Write-offs	(18,147)	351	(17,796)
Interest incurred	114,091	543	114,634
Payment of principal	(303,686)	(12,141)	(315,828)
Right-of-use liabilities in 2020	1,333,325	17,999	1,351,324
Current	191,782	7,767	199,549
Non-current	1,141,543	10,232	1,151,775
	1,333,325	17,999	1,351,324

13 Payroll and social charges

	Parent		Consolidated	
	2021	2020	2021	2020
Salaries, indemnity amounts and welfare charges payable	741	599	146,218	121,414
Provision for vacation			59,913	80,743
	741	599	206,131	202,157

14 Tax obligations

	Parent		Consolidated	
	2021	2020	2021	2020
ISS payable	28	11	30,194	26,627
IRRF payable	312	102	49,176	41,143
PIS and COFINS payable	14,554	16,469	19,554	23,058
IOF payable			92	2
	14,894	16,582	99,016	90,830
IRPJ payable		5,062	4,377	11,485
CSLL payable		1,831	2,161	4,380
		6,893	6,538	15,865
	14,894	23,475	105,554	106,695

15 Tax payment in installments

	Consolidated	
	2021	2020
INSS	6,997	9,380
PIS and COFINS	4,940	611
IRPJ and CSLL	1,147	1,298
FGTS	962	962
Other	461	482
	14,507	12,733
Current liabilities	4,407	3,543
Non-current liabilities	10,100	9,190

In thousands of Reais, except when otherwise indicated

	14,507	12,733

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

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

	Consolidated	
	2021	**2020**
2022		2,854
2023	3,735	2,685
2024	2,925	2,119
2025	1,473	494
2026 to 2029	1,967	1,038
	10,100	9,190

16 Acquisition price payable

	Consolidated	
	2021	**2020**
SÃO LUIS	10,391	9,950
CEUT	3,085	3,135
FUFS (i)		2,379
UNITOLEDO	15,685	30,038
ADTALEM	25,963	44,226
ATHENAS GRUPO EDUCACIONAL	58,821	57,341
QCONCURSOS (ii)	31,326	
	145,271	147,069
Real estate property acquisition (iii)	959	813
	146,230	147,882
Current liabilities	49,096	57,936
Non-current liabilities	97,134	89,946
	146,230	147,882

(i) In March 2021, the acquisition of FUFS was settled.
(ii) Balance referring to the commitment signed between Athenas Serviços and Qconcursos.
(iii) 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.

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

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

	Consolidated	
	2021	**2020**
2022		32,605
2023	64,619	43,201
2024 to 2026	32,515	14,140
	97,134	89,946

In thousands of Reais, except when otherwise indicated

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, 2021, and 2020, the provision for contingencies was composed as follows:

	Consolidated			
	2021		2020	
	Contingencies	Legal deposits	Contingencies	Legal deposits
Civil	54,045	35,956	92,453	39,316
Labor	129,715	49,730	123,456	48,602
Tax	37,714	14,933	30,933	14,770
	221,474	100,619	246,842	102,688

In the year ended on December 31, 2021, the amount of BRL 448 relates to the parent company's contingency, of which BRL 50 relates to civil and BRL 398 to tax contingencies (BRL 300 in the year ended on December 31, 2020, of which BRL 50 related to civil and BRL 250 to tax contingencies) and as of December 31, 2021 the amount of BRL 247 refers to the parent company's legal deposits (BRL 232 in the year ended on December 31, 2020).

The activity in the provision for contingencies is shown below:

	Civil	Labor	Tax	Total
Balance in 2019	24,073	90,960	3,383	118,416
Additions by Acquisition	7,895	14,638	15,077	37,610
Additions	97,685	78,691	17,245	193,621
Reversals	(15,543)	(5,368)	(7,001)	(27,912)
Write-offs for payouts	(31,825)	(55,811)	(693)	(88,329)
Adjustment for inflation	10,168	346	2,922	13,436
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 payouts	(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

In the years ended on December 31, 2021, and 2020, expenses with the provision for contingencies, recognized in the statement of profit or loss were as follows:

	2021	2020
Income breakdown		
Additions	91,796	193,621
Reversals	(31,921)	(27,912)
Adjustment for inflation	40,092	13,436
Provision for contingencies	99,967	179,145
General and administrative expenses (Note 25)	(59,875)	(165,717)
Financial income (Note 27)	(40,092)	(13,428)
	(99,967)	(179,145)

In thousands of Reais, except when otherwise indicated

(a) Civil

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

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

Matter	Amounts
Undue collection	12,520
Success Fees	11,806
Real estate	8,603
Non-pecuniary / Pecuniary Damage	7,295
Issuance of Certificates of Completion/Diplomas and Graduation	3,293
FIES	2,230
Enrollment	1,830
Procon Fine	699
Course Accreditation and Cancellation	679
Monthly fee	381
Other (i)	4,709
	54,045

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

(b) Labor

The main labor claims are seeking overtime, unused vacations, recognition of employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain teachers.

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

Matter	Amounts
Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period	49,287
Overtime + Elimination of Breaks During and Between Shifts	20,016
Employer’s social security payment	11,666
Deviation from agreed position and salary parity	11,233
Income tax / Interest and Adjustment for Inflation	9,794
Fees	5,771
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	5,171
Success Fees	4,399
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	4,197
Other (i)	8,181
	129,715

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

(c) Tax

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from the Law No. 11.096/05 and exclusion of scholarships from the tax base and fines for alleged non-compliance with ancillary obligations (special regimes of accounting bookkeeping).
The provisions recognized for tax claims are due to the following matters:

Matter	Amounts
ISS	18,825
Success Fees	10,536
IPTU / Foro / IPVA	4,615
Social Security Contribution	2,068
PIS / COFINS	1,419
Other	251
	37,714

In thousands of Reais, except when otherwise indicated

(d) Possible losses, not provisioned in the statement of financial position

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

	Consolidated	
	2021	**2020**
Civil	239,286	279,487
Labor	548,790	398,831
Tax	984,472	673,390
	1,772,548	1,351,708

On April 24, 2020, the Company completed the acquisition of Subsidiary Adtalem, which has tax, civil and labor cases involving risks of loss classified by management as possible, based on the opinion of its legal advisors. These proceedings do not have to be provisioned for under the accounting policies currently in force. The approximate amount of the cases is BRL 39,627 (BRL 18,326 Tax, BRL 9,816 Labor and BRL 11,485 Civil).

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

Civil	**Amounts**
Real estate	140,436
Non-pecuniary / Pecuniary Damage	39,406
Undue collection	20,902
FIES	6,004
Issuance of Certificates of Completion/Diplomas and Graduation	4,101
Enrollment	3,701
Monthly fee	2,736
Course Accreditation and Cancellation	2,276
Procon Fine	1,561
Other (i)	18,163
	239,286

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

Labor	**Amounts**
Salary and severance differences + decrease in working hours + FGTS + notice period + compensation	184,900
Reintegration	151,855
Overtime + Elimination of Breaks During and Between Shifts	80,316
Fees	35,563
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	22,846
Pain and Suffering / Pecuniary Damage / Moral Harassment	20,252
Employer’s social security payment	11,487
Fine (Article 467 CLT, Article 477 CLT AND CCT/ACT)	10,575
Vacation pay	9,763
Deviation from agreed position and salary parity	5,539
Other (i)	15,694
	548,790

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

Tax	**Amounts**
ISS (Services Tax)	682,792
Assistential Social security / FGTS	273,731
IRPJ / CSLL / IRRF	17,876
PIS (Social Integration Program) /COFINS (Social Contribution on Billings)	2,389
Other	7,684
	984,472

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

Labor

(i) Labor lawsuit filed by the Labor Prosecution Office, against Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), in which the following is discussed: (i) nullity of waivers occurring between November 2017 to December 2018; (ii) the reintegration of workers dismissed in the period; (iii) declaration of 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. Judgment of partial validity for: (i) declaring the unconstitutionality of article 477-A, of the CLT; (ii) declaring the nullity of the collective dismissal that occurred at the end of 2017; (iii) sentencing the company to individual and collective non-pecuniary damages. The request for reinstatement of professors dismissed in 2018 was dismissed. The TRT reformed the decision to rule out the unconstitutionality of article 477-A, of the CLT. On the other hand, it increased the amount of the sentence to pay compensation to teachers, which decision was the subject of an appeal pending judgment in the TST. There is no calculation approved by the court, and it is not possible, on this date, to estimate any financial impact. Without prejudice, the amount involved in the lawsuit is BRL 140 million, and we consider the case relevant due to the amount and complexity of the matter. The Company's external advisors understand the chance of loss as possible, due to the possibility of reassessment by the Superior Courts.

Tax:

Social security contributions:

(i) Tax Foreclosures were distributed by the National Treasury against SESES, due to the divergence of understanding about the initial date of the rate escalation provided for in article 13 of Law No. 11.096/05 ("PROUNI Law"), aiming at the judicial collection of debts related to alleged differences in the payment of social security contributions. Of the three Tax Executions received, (i) in the first one, the TRF of the 2nd Region ruled that the appeal filed by SESES was fully granted, and the Federal Government has already presented a statement indicating that it will not appeal against such decision. The final decision and the filing of the case are awaited. (ii) In the second, there was a judgment totally valid on the appeal by SESES to recognize the debt charged by the National Treasury as undue, and (iii) in the third, after the presentation of a partially favorable expert report, the case is awaiting judgment. All three Foreclosures are fully guaranteed and the total amount is BRL 43,644.

(ii) Tax assessment notices were received against SESES for alleged non-performance of the principal tax liability for the period from February 2007 to December 2007. The Company appealed requesting the cancellation of the tax assessment notices claiming that they were clearly groundless. The appeal was partially accepted, and considered the percentage of the employers' contributions at the rate of 20% as from the month in which the Company changed from a non-profit entity to a company. The National Treasury filed a Tax Foreclosure to collect the respective debt. SESES filed an Embargo on the Tax Enforcement, the National Treasury presented its challenge and SESES responded in reply. Currently, the Company is awaiting the accounting expert analysis and trial in the trial court. The total amount involved is BRL 23,962.

ISS - Tax on services:

(i) Tax Foreclosure by the Municipality of Niterói was received to charge the ISS for the period between January 2004 to January 2007, in view of the alleged suspension of tax immunity, due to alleged non-compliance with the requirements for the enjoyment of immunity provided for in article 14 of the CTN. An expert report was carried out favorable to the company, however, the Municipality of Niterói answered such report, requesting its nullity on the grounds of not having been notified about the scheduled date and place for the realization. The request was accepted and the second expert analysis conducted in November 2019, concluded once again that SESES' accounting records for the disputed period were in full compliance with legal requirements. SESES filed a new statement regarding the new expert analysis. Judgment by the lower court is pending. The total amount involved is BRL 46,092.

In thousands of Reais, except when otherwise indicated

(ii) Tax Enforcement was received on behalf of Sociedade Tecnopolitana da Bahia Ltda. (STB), merged into IREP in June 2010, due to non-payment of ISS from 2007 to February 2011. The assessment arose from due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. In June 2021, an order was issued summoning the parties to specify the evidence they intend to produce. In response, the company specified evidence, while the Municipality stated that it had no interest in the production. Judgment by the lower court is pending. The total amount involved is BRL 23,738.

(iii) Action for Annulment filed by SESES against the Municipality of Vila Velha, with a view to canceling ISS debts, arising from the accusation that they had been underpaid or withheld in the period 2006 to 2013 prescription; (ii) material nullity; and (iii) error in setting the ISS tax base, since they were considered to correspond to scholarships awarded and enrollments canceled. At the moment, the Company is awaiting the completion of the expert evidence, the purpose of which is to prove item (iii). In February 2021, the expert evidence was completed in a manner favorable to SESES. After the subpoena of the parties, Estácio presented a manifestation agreeing with the terms of the expert report, while awaiting the manifestation of the Municipality. The total amount involved is BRL 16,671.

(iv) Tax Foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from July 2012 to November 2013, due to differences in the establishment of the tax basis (deductibility of scholarships from the tax base of ISS). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. The accounting expert and the respective technical assistants have been appointed and their expert report is awaited. The total amount involved is BRL 14,048.

(v) Tax Foreclosure filed by the Municipality of São João de Meriti was received referring to alleged ISS credits for the calculation periods of 2011, 2012, 2013 and 2014, presumably due to the non-inclusion of amounts intended for unconditional discounts arising from scholarships in the tax base. A Motion was filed with a request for recognition of the statutes of limitations of debts overdue up to March 2014 and the dissolution of the proceeding due to the payment of debts that occurred before the registration in active debt. In May 2021, an order was issued certifying the absence of a manifestation by the Municipality and the case record was put under advisement. Judgment by the lower court is pending. The total amount involved is BRL 15,971.

(vi) Annulment Action proposed by SESES against the Municipality of Rio de Janeiro, which seeks to avoid the collection of ISS on higher education services in the period between January 2005 to January 2007, a period in which it was immune, as well as ISS on scholarships and studies granted under PROUNI, in the period between February 2007 to 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 July 29, 2021, an injunction was issued to suspend the enforceability of the tax credit, and, as a result, the objection was filed by the Municipality of Rio de Janeiro. Afterwards, there was the presentation of a Reply by SESES and then the parties were summoned to specify evidence. The total amount involved is BRL 434,836.

18 Equity

(a) Share Capital

The share capital may be increased by the Board of Directors, irrespective of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As of September 31, 2021, the share capital is represented by 309,088,851 ordinary shares.

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

	Ordinary shares			
shareholders	**2021**	%	**2020**	%
Administrators and advisers	1,118,561	0.4	819,094	0.3
Rose Fundo de Investimento	33,319,073	10.8	33,319,073	10.8
Vontobel	15,923,572	5.2	15,923,572	5.2
Schroder Investment Management	19,503,153	6.3		
Zaher family	23,219,500	7.5		

In thousands of Reais, except when otherwise indicated

Wellington Management	15,525,425	5.0		
Treasury	6,976,267	2.3	7,808,219	2.5
Free float	193,503,300	62.6	251,218,893	81.3
	309,088,851	100.0	309,088,851	100.0

(b) Activity of capital shares

There were no changes in the shares during the year ended on December 31, 2021.

(c) Actions in Treasury

On May 16, 2018, the Board of Directors approved the extension of the term of the 5th buyback program from 12 to 18 months, ending on December 21, 2018. After the end of the program, the total number of shares repurchased was 10,515,700 (ten million, five hundred and fifteen thousand, seven hundred) common shares, equivalent to 66.16% of the total shares planned for the program.

	Quantity	Average Cost	Balance
Treasury shares in 2020	7,808,219	23.02	179,759
SOP or ILP payment using treasury shares (Note 18 d.3)	(831,952)	23.17	(19,281)
Treasury shares in 2021	6,976,267	23.00	160,478

(d) Capital reserves

Goodwill on share subscription

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

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

	Parent	
	2021	2020
Taxes reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on subscription of shares	498,899	498,899
	595,464	595,464

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

The goodwill on the share issuance is comprised as follows:

	2021
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	522,204
Goodwill on share issuance	498,899

(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 the reporting date of these individual and consolidated financial statements.

In thousands of Reais, except when otherwise indicated

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

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

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

	Quantity of shares	Sale	Amount paid	Negative Goodwill
Discount in 2020	2,724,983	46,513	34,850	11,663
SOP or ILP payment in 2021	114,297	2,600	1,854	478
Discount in 2021	2,839,280	49,113	36,704	12,141

(e) Earnings reserve

(e.1) Legal reserve

It must be established on the basis of 5% of the net profit for the 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 administrative bodies, decide to retain part of the net income for the fiscal year provided for in the capital budget to meet investment and expansion projects. On April 24, 2020, the retention of profits according to item 7.4 (b.ii) was approved in the Ordinary General Meeting.

As of December 31, 2021, from the income accumulated by the Company, the amount of BRL 112,697 was allocated to the Profit Retention Reserve referring to potential acquisitions, expansion and improvements to infrastructure, technology and organic expansion, as provided for in the Company's bylaws. This proposal will proceed for approval at the Annual General Meeting to be held in April 2022

(f) Dividends

The bylaws of the Company sets the minimum mandatory dividend equivalent at 25% of the net profit for the year, adjusted by the legal reserve according to the provisions of the Corporations Act.

On December 31, 2021, and 2020, the calculation of dividends and their respective movements in the year are:

	Parent	
	2021	2020
Parent's Net profit for the year	158,171	98,181
Constitution of the legal reserve (Article 193 of Law No. 6,404)	(7,908)	(4,909)
Net profit after appropriation of legal reserve	150,263	93,272
Mandatory minimum dividends (25%)	37,566	23,318
Additional proposed dividends		118,423
Number of shares on December 31	309,088,851	309,088,851
Number of treasury shares on December 31	(6,976,267)	(7,808,219)
Dividend per outstanding share - in reais	0.1243	0.0774
Additional dividends per outstanding share - in reais		0.3931

In thousands of Reais, except when otherwise indicated

19 Financial instruments and sensitivity analysis of financial assets and liabilities

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

The Company's assets and liabilities financial instruments as of December 31, 2021 are recorded in equity accounts in amounts compatible to those practiced in the market.

(a) Cash and cash equivalents and securities

The amounts recorded are close to market values, considering that the financial operations are of immediate liquidity.

(b) Loans and borrowings

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 derivative transaction are 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. Accordingly, the Swap transaction, which on December 31, 2021, presented a positive fair value of BRL 8,531 is recorded as a corresponding entry to the results.

Below is the information related to derivative financial instruments held by the Company as of December 31, 2021, recorded at fair value with effect on income:

							Market Value (BRL M)		
SWAP Agreements	Principal Contracted (USD)	Principal Contracted	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Assets	Liabilities	Gross income
Citibank	80,000,000	447,600,000	USD_SOFR + 1.09% p.a.	CDI (Interbank Deposit Certificate) + 1.09% per year	29/Nov/21	29/Aug/23	446,972	451,705	(4,733)
						Total	446,972	451,705	(4,733)

(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.

In thousands of Reais, except when otherwise indicated

19.1 Fair value hierarchy

The table below presents the financial instruments recorded at fair value, according to the measurement method

	Consolidated	
	2021	**2020**
Level 2		
Financial Instruments at fair value through profit or loss		
Financial applications	1,766,511	1,604,869
(-) Derivative financial instruments - Swap	(455,388)	(826,985)
	1,311,123	777,884

The measurement of financial instruments is grouped into levels 1 to 3, based on the degree to which the financial instruments' fair value is quoted based on:

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

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

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

In the year ended on December 31, 2021, there were no transfers arising from fair value measurements levels 1 and 2, nor inside or outside level 3

19.2 Financial risk factors

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

(a) Credit risk

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

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

The credit risk related to the service provision is minimized by a strict control of the student base and by the active management of default levels and the pulverization of balances. Additionally, the Company requires the settlement or negotiation of the overdue installments of students upon re-entry for the next academic semester.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate according to the investments policy approved by the Board of Directors. The balances of cash and cash equivalents, securities and 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 raise the cost of student loans, including loans under FIES, and reduce demand for courses.

In thousands of Reais, except when otherwise indicated

(c) Exchange rate risk

The Group´s income is susceptible to variations due to exchange rate volatility, since its assets and liabilities are linked to a currency other than its functional currency. However, as the Company has a Swap agreement for line 4131, there is no exposure to foreign exchange risk.

(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, and do not pose liquidity risks for the Group.

The following table analyzes the Group's financial liabilities by maturity, corresponding to the period remaining between the balance sheet date and the contractual maturity date. The amounts presented in the table are the contracted cash flows not discounted.

	Consolidated			
	Less than one year	**Between one and two years**	**Between two and five years**	**Above five years**
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
Acquisition price payable	49,096	21,398	87,718	
In 2020				
Suppliers	251,229			
Loans	390,302	416,646	2,573,734	514,118
Financial lease obligations	199,549	381,125	293,694	838,813
Acquisition price payable	57,936	34,489	60,550	

(e) Sensitivity analysis

CVM Deliberation No. 550, on October 17, 2008, provides that publicly-held companies must disclose, in a specific explanatory note, qualitative and quantitative information about all their financial instruments, whether or not recognized as assets or liabilities in their balance sheet.

The Group’s financial instruments consist of cash and cash equivalents, securities, trade receivables, trade payables, legal deposits, related parties, loans and borrowings, and are recorded at cost adjusted by revenues or charges incurred, which was close to market value as of December 31, 2021.

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

CVM Instruction No. 475, on December 17, 2008, provides for the presentation of information on financial instruments, in a specific explanatory note, and for the disclosure of the sensitivity analysis chart.

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

Investments with CDI are recorded at fair value, according to quotations published by the respective financial institutions and the others refer, mostly, to bank deposit certificates and repurchase agreements, therefore, the recorded value of these securities does not differ from the market value.

In thousands of Reais, except when otherwise indicated

To verify the sensitivity of the index for the financial investments to which the Company was exposed on the base date on December 31, 2021, three different scenarios were drawn up. Based on the CDI rate officially published by CETIP on December 31, 2021 (9.15% p.a.), this rate was used as the probable scenario for the year. From this, variations of 25% and 50% were calculated, scenarios II and III respectively.

For each scenario, "gross financial revenue and financial costs" were calculated, disregarding the levy of taxes on the investments´ yields. The base date used for the portfolio was on December 31, 2021, projecting one year and verifying the CDI sensitivity with each scenario.

				Scenario for CDI rise
Transactions	**Risk**	**Probable Scenario (I)**	**Scenario (II)**	**Scenario (III)**
Financial investments BRL 64,976.28	CDI	9.15% BRL 161,726	11.44% BRL 202,158	13.73% BRL 242,589
Debentures V - 1st Q BRL 256,845	CDI (Interbank Deposit Certificate) + 0.585%	9.79% BRL 25,141	12.09% BRL 31,051	14.39% BRL 36,961
Debentures V - 2nd Q BRL 359,853	CDI (Interbank Deposit Certificate) + 0.79%	10.01% BRL 36,010	12.31% BRL 44,306	14.62% BRL 52,602
Citibank (80MM USD) BRL 455,388	CDI (Interbank Deposit Certificate) + 1.03%	10.27% BRL 46,397	12.59% BRL 56,834	14.90% BRL 67,271
CCB - Itaú BRL 153,688	CDI (Interbank Deposit Certificate) + 2.70%	12.10% BRL 18,592	14.45% BRL 22,202	16.80% BRL 25,813
CCB - Bradesco BRL 369,504	CDI (Interbank Deposit Certificate) + 2.70%	12.10% BRL 44,699	14.45% BRL 53,380	16.80% BRL 62,060
CCB - Harvest BRL 201,168	CDI (Interbank Deposit Certificate) + 2.80%	12.21% BRL 24,555	14.56% BRL 29,286	16.91% BRL 34,016
CCB - BB BRL 100,675	CDI (Interbank Deposit Certificate) + 1.85%	11.17% BRL 11,245	13.50% BRL 13,590	15.83% BRL 15,936
Debentures VI BRL 1,874,177	CDI (Interbank Deposit Certificate) + 2.50%	11.88% BRL 222,629	14.22% BRL 266,572	16.57% BRL 310,516

In thousands of Reais, except when otherwise indicated

Debentures VII BRL 302,743	CDI (Interbank Deposit Certificate) + 1.65%	10.95% BRL 33,153	13.28% BRL 40,193	15.60% BRL 47,232
Net position		**BRL (300,695)**	**BRL (355,256)**	**BRL (409,818)**

				Scenario fall of CDI
Transactions	**Risk**	**Probable Scenario (I)**	**Scenario (II)**	**Scenario (III)**
Financial investments BRL 64,976.28	CDI	9.15% BRL 161,726	6.86% BRL 121,295	4.58% BRL 80,863
Debentures V - 1st Q BRL 256,845	CDI (Interbank Deposit Certificate) + 0.58%	9.79% BRL 25,141	7.49% BRL 19,232	5.19% BRL 13,322
Debentures V - 2nd Q BRL 359,853	CDI (Interbank Deposit Certificate) + 0.79%	10.01% BRL 36,010	7.70% BRL 27,714	5.40% BRL 19,417
Citibank (80MM USD) BRL 455,388	CDI (Interbank Deposit Certificate) + 1.03%	10.27% BRL 46,397	7.96% BRL 35,961	5.65% BRL 25,524
CCB - Itaú BRL 153,688	CDI (Interbank Deposit Certificate) + 2.70%	12.10% BRL 18,592	9.75% BRL 14,981	7.40% BRL 11,371
CCB - Bradesco BRL 369,504	CDI (Interbank Deposit Certificate) + 2.70%	12.10% BRL 44,699	9.75% BRL 36,018	7.40% BRL 27,338
CCB - Harvest BRL 201,168	CDI (Interbank Deposit Certificate) + 2.80%	12.21% BRL 24,555	9.85% BRL 19,824	7.50% BRL 15,094
CCB - BB BRL 100,675	CDI (Interbank Deposit Certificate) + 1.85%	11.17% BRL 11,245	13.50% BRL 13,590	15.83% BRL 15,936
Debentures VI BRL 1,874,177	CDI (Interbank Deposit Certificate) + 2.50%	11.88% BRL 222,629	9.53% BRL 178,685	7.19% BRL 134,742

In thousands of Reais, except when otherwise indicated

Debentures VII BRL 302,743	CDI (Interbank Deposit Certificate) + 1.65%	10.95% BRL 33,153	13.28% BRL 40,193	15.60% BRL 47,232
Net position		**BRL (300,695)**	**BRL (264,904)**	**BRL (229,113)**

The changes in the Company's assets and liabilities linked to the exchange rate are presented below.

The sensitivity analysis related to foreign exchange risk refers to the position on December 31, 2021, and seeks to simulate how exchange rate stress could affect the Company.

Additionally, three scenarios were outlined, I, II and III, which represent, respectively, the probable scenario and the possible scenarios of deterioration of 25% and 50% in the risk variable. To carry out the analysis, the Company used as a premise of the probable scenario the exchange rate at the end of 2021 disclosed in the last Focus Report - BACEN prior to the end of the 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.

		Scenario for dollar rise		
Transactions	**Risk**	**Scenario (I)**	**Scenario (II)**	**Scenario (III)**
Swap - Long Leg 446,972	Exchange rate	5.63 446,520	7.04 558,150	8.45 669,780
Debt in USD 451,705	Exchange rate	5.63 451,248	7.04 564,060	8.45 676,872
Net position		(4,728)	(5,910)	(7,092)

(f) Capital Management

The Company's debt in relation to Equity for the year ended on December 31, 2021, and 2020, is presented below as consolidated data:

	Consolidated	
	2021	**2020**
Loans and borrowings (Note 11)	4,062,194	3,503,750
Leases (Note 12)	1,444,881	1,351,324
Acquisition price payable (Note 16)	146,230	147,882
(-) Cash and cash equivalents, and securities (Note 3)	(1,814,240)	(1,633,276)
(-) Financial Instruments – SWAP (Note 19 d)		(161,599)
Net debt	3,839,065	3,208,081
Equity	3,241,583	3,204,969
Net debt on equity	1.18	1.00

(g) Offsetting of financial instruments

There are no material financial assets and liabilities subject to contractual offsetting on December 31, 2021, and 2020.

In thousands of Reais, except when otherwise indicated

20 Insurance coverage

The Company has a risk management program that seeks to limit risk and search the market for coverage compatible with its size and operation. The coverage was contracted for the amounts indicated below, and was 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 had the following main insurance policies taken out with third parties:

	Amounts insured	
	2021	**2020**
Civil liability of the officers	80,000	80,000
Civil liability	17,700	17,700
Property insurance (i)	130,106	124,506
Cyber Risk Insurance	40,000	
Group life insurance	1,015,361	975,446

(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 remuneration of managers. It is incumbent upon the Board of Directors to distribute the funds among the managers. At the Annual and Extraordinary Shareholders' Meeting held on April 28, 2021, the limit for the overall monthly compensation of the Company's Managers (Board of Directors, Fiscal Council and Executive Board) was set.

In the years ended on December 31, 2021 and 2020, the total compensation (fixed, variable, shares and the respective social charges) of the directors, officers and main executives of the Company was BRL 49,283 and BRL 39,673, respectively, the remuneration is within the limits approved in the corresponding shareholders' meetings.

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

(b) Shares option plan

At the Extraordinary General Meeting held on September 12, 2008, the shareholders approved the Company's Stock Option Plan ("Plan"), aimed at the Company's managers, employees and service providers ("beneficiaries"). The Plan is managed by the Plan Administration Committee, created by the Board of Directors specifically for this purpose at a meeting held on July 1, 2008. It is incumbent upon the Committee, periodically, to create stock option programs and grant the list of Beneficiaries (revised from time to time) the options and specific rules applicable, always in compliance with the general rules of the Plan ("Program").

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

Up to December 31, 2019, eleven stock option programs were created, of which six programs do not contain stock of shares to be exercised (programs from 1st to 5th and 9th), all other programs (6th to 8th, 10th and 11th) despite being closed, still contain a stock of shares to be exercised.

For the programs described below, the Company uses the Binomial model to calculate the fair value of the options for each grant.

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

In thousands of Reais, except when otherwise indicated

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

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

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

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

As of December 31, 2021, the number of options granted, which were exercised accumulated from all programs, was 13,434,662 shares (BRL116,870), of which 11,218,904 shares were from closed programs and 2,215,758 shares were 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 were shares of closed programs and 4,859,679 were shares of active programs.

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

Programs	Granted	Forfeited Options	Abandoned Options	Issued	Balance of shares
6P	5,090,000	2,247,000	1,919,845	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
Overall Total	**9,058,789**	**4,199,110**	**2,431,180**	**2,215,758**	**212,741**

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

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

In thousands of Reais, except when otherwise indicated

The assumptions used to calculate each grant, based on the Binomial model, are described below:

Program	Grant Date	Expiration Date	Granted Options	Base Asset Price	Volatility	Expected Dividends	Risk-Free Interest Rate	Fair Value Over the Grant	Prescribed (current basis)
11th Program Apr17	4/25/2017	4/23/2028	188,000	R$ 14.18	46.66%	0.00%	8.94%	R$ 6.14	13,500
11th Program Apr17	4/25/2017	4/23/2028	188,000	R$ 14.18	46.66%	0.00%	8.94%	R$ 6.84	86,000
11th Program Apr17	4/25/2017	4/23/2028	188,000	R$ 14.18	46.66%	0.00%	8.94%	R$ 7.41	132,500
11th Program Apr17	4/25/2017	4/23/2028	188,000	R$ 14.18	46.66%	0.00%	8.94%	R$ 7.86	135,500
11th Program Apr17	4/25/2017	4/23/2028	188,000	R$ 14.18	46.66%	0.00%	8.94%	R$ 8.26	137,000
11th Program Apr17 Cons.	4/25/2017	4/23/2028	25,505	R$ 14.18	46.66%	0.00%	8.94%	R$ 6.14	25,505
11th Program Apr17 Cons.	4/25/2017	4/23/2028	25,505	R$ 14.18	46.66%	0.00%	8.94%	R$ 6.84	25,505
10th Program Jul16	7/19/2016	7/19/2026	208,000	R$ 15.12	59.18%	0.00%	12.5%	R$ 6.89	2,000
10th Program Jul16	7/19/2016	7/19/2026	208,000	R$ 15.12	59.18%	0.00%	12.5%	R$ 7.89	33,000
10th Program Jul16	7/19/2016	7/19/2026	208,000	R$ 15.12	59.18%	0.00%	12.5%	R$ 8.61	153,000
10th Program Jul16	7/19/2016	7/19/2026	208,000	R$ 15.12	59.18%	0.00%	12.5%	R$ 9.18	183,000
10th Program Jul16	7/19/2016	7/19/2026	208,000	R$ 15.12	59.18%	0.00%	12.5%	R$ 9.64	183,000
10th Program Jul16 Cons.	7/19/2016	7/19/2026	32,890	R$ 15.12	59.18%	0.00%	12.5%	R$ 6.89	0
10th Program Jul16 Cons.	7/19/2016	7/19/2026	32,889	R$ 15.12	59.18%	0.00%	12.5%	R$ 7.89	0
9th Program Apr16	4/29/2016	4/15/2027	80,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 6.02	20,000
9th Program Apr16	4/29/2016	4/15/2027	80,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 6.66	20,000
9th Program Apr16	4/29/2016	4/15/2027	80,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 7.14	80,000
9th Program Apr16	4/29/2016	4/15/2027	80,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 7.52	80,000
9th Program Apr16	4/29/2016	4/15/2027	80,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 7.83	80,000
9th Program Apr16 Cons.	4/29/2016	5/1/2019	450,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 3.17	100,000
9th Program Apr16 Cons.	4/29/2016	5/1/2020	450,000	R$ 11.87	54.57%	0.00%	12.93%	R$ 4.43	100,000
8th Program	10/28/2015	4/15/2026	196,600	R$ 13.15	28.8%	0.00%	11.99%	R$ 5.45	2,000
8th Program	10/28/2015	4/15/2027	196,600	R$ 13.15	28.8%	0.00%	11.99%	R$ 6.42	56,800
8th Program	10/28/2015	4/15/2028	196,600	R$ 13.15	28.8%	0.00%	11.99%	R$ 7.20	81,200
8th Program	10/28/2015	4/15/2029	196,600	R$ 13.15	28.8%	0.00%	11.99%	R$ 7.88	150,200
8th Program	10/28/2015	4/15/2030	196,600	R$ 13.15	28.8%	0.00%	11.99%	R$ 8.47	173,200
7th Program Oct14	10/14/2014	2/3/2018	2,400	R$ 26.83	28.8%	0.00%	11.99%	R$ 8.58	0
7th Program Oct14	10/14/2014	4/15/2025	175,400	R$ 26.83	28.8%	0.00%	11.99%	R$ 8.58	16,000
7th Program Oct14	10/14/2014	2/3/2018	2,400	R$ 26.83	28.8%	0.00%	11.99%	R$ 9.71	0
7th Program Oct14	10/14/2014	4/15/2026	175,400	R$ 26.83	28.8%	0.00%	11.99%	R$ 9.71	37,000
7th Program Oct14	10/14/2014	2/3/2018	2,400	R$ 26.83	28.8%	0.00%	11.99%	R$ 10.64	0
7th Program Oct14	10/14/2014	4/15/2027	175,400	R$ 26.83	28.8%	0.00%	11.99%	R$ 10.64	86,000
7th Program Oct14	10/14/2014	4/15/2028	177,800	R$ 26.83	28.8%	0.00%	11.99%	R$ 11.47	104,400
7th Program Oct14	10/14/2014	1/4/2020	5,000	R$ 26.83	28.8%	0.00%	11.99%	R$ 12.24	0
7th Program Oct14	10/14/2014	4/15/2029	172,800	R$ 26.83	28.8%	0.00%	11.99%	R$ 12.24	135,800
6th Program Aug14	8/1/2014	4/15/2025	60,000	R$ 29.16	26.68%	0.00%	11.99%	R$ 14.48	0
6th Program Aug14	8/1/2014	4/15/2026	60,000	R$ 29.16	26.68%	0.00%	11.99%	R$ 15.10	28,000
6th Program Aug14	8/1/2014	4/15/2027	60,000	R$ 29.16	26.68%	0.00%	11.99%	R$ 15.74	28,000
6th Program Aug14	8/1/2014	4/15/2028	60,000	R$ 29.16	26.68%	0.00%	11.99%	R$ 16.38	28,000
6th Program Aug14	8/1/2014	4/15/2029	60,000	R$ 29.16	26.68%	0.00%	11.99%	R$ 16.98	44,000
6th Program Aug14 Cons.	8/1/2014	8/1/2024	50,000	R$ 29.16	28.8%	0.00%	11.99%	R$ 14.43	0
6th Program Aug14 Cons.	8/1/2014	8/1/2024	50,000	R$ 29.16	28.8%	0.00%	11.99%	R$ 15.02	0
6th Program Jul14	7/4/2014	4/15/2025	608,000	R$ 29.94	26.43%	0.00%	11.99%	R$ 15.13	0
6th Program Jul14	7/4/2014	4/15/2026	608,000	R$ 29.94	26.43%	0.00%	11.99%	R$ 15.76	80,000
6th Program Jul14	7/4/2014	4/15/2027	608,000	R$ 29.94	26.43%	0.00%	11.99%	R$ 16.41	602,000
6th Program Jul14	7/4/2014	4/15/2028	608,000	R$ 29.94	26.43%	0.00%	11.99%	R$ 17.05	608,000
6th Program Jul14	7/4/2014	4/15/2029	608,000	R$ 29.94	26.43%	0.00%	11.99%	R$ 17.65	608,000
6th Program Jul14 Cons.	7/4/2014	7/4/2024	162,500	R$ 29.94	28.8%	0.00%	11.99%	R$ 15.09	0
6th Program Jul14 Cons.	7/4/2014	7/4/2024	162,500	R$ 29.94	28.8%	0.00%	11.99%	R$ 15.69	0
6th Program Oct13	10/2/2013	4/15/2024	265,000	R$ 16.82	28.8%	0.00%	11.99%	R$ 5.05	5,000
6th Program Oct13	10/2/2013	4/15/2025	265,000	R$ 16.82	28.8%	0.00%	11.99%	R$ 5.79	5,000
6th Program Oct13	10/2/2013	4/15/2026	265,000	R$ 16.82	28.8%	0.00%	11.99%	R$ 6.40	19,000
6th Program Oct13	10/2/2013	4/15/2027	265,000	R$ 16.82	28.8%	0.00%	11.99%	R$ 6.94	88,000
6th Program Oct13	10/2/2013	4/15/2028	265,000	R$ 16.82	28.8%	0.00%	11.99%	R$ 7.43	104,000
5th Program 3	3/1/2013	4/15/2024	144,000	R$ 16.16	39.85%	0.00%	11.02%	R$ 6.37	0
5th Program 3	3/1/2013	4/15/2025	144,000	R$ 16.16	39.85%	0.00%	11.02%	R$ 7.02	21,000
5th Program 3	3/1/2013	4/15/2026	144,000	R$ 16.16	39.85%	0.00%	11.02%	R$ 7.60	102,000
5th Program 3	3/1/2013	4/15/2027	144,000	R$ 16.16	39.85%	0.00%	11.02%	R$ 8.11	102,000
5th Program 3	3/1/2013	4/15/2028	144,000	R$ 16.16	39.85%	0.00%	11.02%	R$ 8.58	123,000
4th Program Jan13	1/10/2013	4/15/2024	160,200	R$ 14.40	33.47%	0.00%	3.9%	R$ 8.23	7,200
4th Program Jan13	1/10/2013	4/15/2025	160,200	R$ 14.40	33.47%	0.00%	3.9%	R$ 8.35	7,200
4th Program Jan13	1/10/2013	4/15/2026	160,200	R$ 14.40	33.47%	0.00%	3.9%	R$ 8.48	7,200
4th Program Jan13	1/10/2013	4/15/2027	160,200	R$ 14.40	33.47%	0.00%	3.9%	R$ 8.62	88,200
4th Program Jan13	1/10/2013	4/15/2028	160,200	R$ 14.40	33.47%	0.00%	3.9%	R$ 8.75	94,200

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

In thousands of Reais, except when otherwise indicated

The Company recognizes the stock options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of profit or loss and as general and administrative expenses, in the line item personal and social security charges. In the period ended on December 31, 2021, a provision of BRL 21 was recognized (reversal of BRL 60 in the fiscal year ended on December 31, 2020). As of December 31, 2021, the provision amounted to BRL 133 (reversal of BRL 270 as of December 31, 2020).

Changes in the number of outstanding stock options and their corresponding weighted average prices for the exercise are shown below:

Executive Board

	2021		2020	
	Average price for the share exercise	Options - thousands	Average price for the share exercise	Options - thousands
January 01	13.88	38,000	13.88	149,000
Granted			17.82	21,000
Exercised	18.63	26,000	15.55	26,000
Abandoned			14.59	64,000
	15.81	12,000	13.10	38,000

Board of Directors

	2021		2020	
	Average price for the share exercise	Options - thousands	Average price for the share exercise	Options - thousands
January 01			10.13	65,779
Granted			0	0
Exercised			0	0
Abandoned			10.13	65,779

(c) Performance Share Program

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

The managers and employees of the Company or of the companies under its control may be elected as plan beneficiaries, as defined by the Board of Directors.

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

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

Each Program created by the Board of Directors will have a term of five (5) years, and the restricted shares granted will be divided into five (5) equal annual lots, with the vesting period occurring annually.

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

For the Restricted Shares Granting Plan, the provision for the program in the fiscal year ended on December 31, 2021, is BRL 7,521 (BRL 8,388 as of December 31, 2020). The accumulated provision as of December 31, 2021, is BRL 40,436 (BRL 31,283 as of December 31, 2020).

As of December 31, 2021, the number of shares granted and delivered was 1,911,340, and the total number of shares granted amounted to 7,772,900 shares.

Program	Granted	Additional for Dividends	Additional per Performance	Delivered	Unvested	Canceled	Forfeited
1P	1,395,500	90,037	40,825	567,907	277,417	52,438	628,600
1P - Cons	130,000	9,441		139,441			
1P - Esp	300,000	28,012	16,158	183,637	155,243	5,289	
2P	879,000	17,328	41,500	354,175	422,050	568	161,035
2P - Cons	98,000	3,157		7,130	86,898	129	7,000
2P - Esp	100,000	2,436	5,000	45,370	62,066		
3P	630,000	15,455		224,070	341,385		80,000
3P - Special	200,000	5,620		81,480	124,140		
4P	100,000	3,074	5,000	45,370	62,704		
5P	80,000	2,760			82,760		
6P	1,389,600	32,395		262,760	914,690	2,023	242,522
7P	445,000	8,902			348,347	555	105,000
8P	460,000	15,869			475,869		
9P	100,000	1,571			101,571		
10P	1,330,800	19,114			1,282,179	54	67,681
11P	85,000				85,000		
Overall Total	**7,722,900**	**255,171**	**108,483**	**1,911,340**	**4,822,319**	**61,056**	**1,291,838**

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

	2021	2020
Numerator		
Net profit for the year	158,171	98,181
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,723	301,064
Net profit per batch of 1000 shares - basic	0.52423	0.32611

(b) Earnings per share - diluted

	2021	2020
Numerator		
Net profit for the year	158,171	98,181
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,723	301,064
Potential increase in the number of shares due to the stock option plan	5	225
Weighted average of outstanding shares	301,728	301,289
Net profit per batch of 1000 shares - diluted	0.52422	0.32587

In thousands of Reais, except when otherwise indicated

23 Net revenue from services provided

	Consolidated	
	2021	**2020**
Gross revenues -in-class	6,027,564	5,710,168
Gross revenue - distance learning (DL)	2,853,883	1,993,292
	8,881,447	7,703,460
Deduction from gross revenue	(4,490,069)	(3,849,723)
Grants - scholarships	(4,174,923)	(3,488,743)
Refund of monthly tuition fees and charges	(30,709)	(22,390)
Discounts granted	(81,607)	(145,291)
Taxes	(161,462)	(153,526)
Adjustment to present value - PAR/DIS	(7,093)	7,910
FGEDUC	(25,987)	(37,449)
Other	(8,288)	(10,234
	4,391,378	3,853,737

24 Costs of services provided

	Consolidated	
	2021	**2020**
Personnel and social security charges	(1,201,915)	(1,108,098)
Electricity, water, gas and telephony	(38,936)	(31,509)
Rents, condominiums and property tax	(55,230)	(62,260)
Postage and Mailbags	(1,873)	(1,103)
Depreciation and amortization	(453,967)	(373,313)
Teaching material	(9,382)	(9,546)
Third-party services - security and cleaning	(58,239)	(46,877)
Other	(182,713)	(112,207)
	(2,002,255)	(1,744,913)

Personnel costs and social charges include approximately BRL 55,147 in 2021 related to indemnity amounts for contractual terminations (BRL 44,328 in 2020).

25 Selling, general and administrative expenses

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Selling expenses				
Provision for doubtful accounts (Note 4)			(513,912)	(535,278)
Advertising			(282,873)	(254,515)
Sales and marketing			(97,881)	(70,494)
Other			(328)	493
			(894,994)	(859,794)
General and administrative expenses				
Personnel and social security charges	(6,078)	(7,006)	(350,941)	(255,875)
Third-party services	(3,960)	(5,277)	(139,483)	(145,117)
Consumables	-		(2,269)	(2,137)
Maintenance and repairs	(149)	(116)	(85,361)	(71,246)
Depreciation and amortization	(34)	(48)	(225,045)	(165,622)
Educational agreements	-		(27,507)	(20,618)
Travel and accommodation	(2)	(6)	(7,426)	(4,923)
Institutional events	-		(1,632)	(518)
Provision for contingencies (Note 17)	(116)	50	(59,875)	(165,717)
Photocopies and bookbinding	-		(5,627)	(3,247)
Insurance	(12,519)	(7,952)	(14,666)	(10,171)
Cleaning material	-		(3,013)	(3,925)
Transportation	(5)	(2)	(4,280)	(2,758)

In thousands of Reais, except when otherwise indicated

Vehicle rental	-		(4,941)	(2,712)
Other	(242)	(221)	(41,122)	(40,458)
	(23,105)	(20,578)	(973,188)	(895,044)

26 Other operating revenues/expenses

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Revenues with agreements	3,021	3,021	4,555	3,021
Lease revenues			4,850	4,053
Capital gain on fixed assets			15,457	1,526
Business intermediation			998	972
Provision for losses other revenues			(2,599)	(7,426)
Other		6	2,390	247
	3,021	3,027	25,651	2,393

27 Financial income and financial expenses

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Financial revenues				
Late payment fines and interest			40,361	42,484
Revenues from financial investments	7,803	(1,806)	63,295	18,982
Derivatives fair value (SWAP) (ii)	111,171	154,099	111,171	154,099
Tax credits adjustment	763	492	2,698	4,224
PAR adjustment			2,902	3,412
DIS adjustment			18,447	4,410
Other			8,379	18,378
	119,737	152,785	247,253	245,989
Financial expenses				
Bank expenses	(956)	(557)	(10,066)	(11,768)
Interest and financial charges	(215,919)	(80,614)	(238,227)	(115,134)
Adjustment of provision for contingencies (Note 17)	(83)	(45)	(40,092)	(13,428)
Financial discounts (i)			(101,451)	(111,476)
Negative exchange variation			(15,106)	(9,167)
Interest and foreign exchange variance on loans (SWAP) (ii)	(140,030)	(205,148)	(140,030)	(205,148)
Expenses with loans	(9,032)	(5,088)	(9,032)	(5,088)
Lease interest - Right of use			(124,099)	(113,853)
Other	(129)	(256)	(5,113)	(12,341)
	(366,149)	(291,708)	(683,216)	(597,403)

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

28 Income by business segment

	In-class courses		EAD (Distance Learning)		Consolidated	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Gross operating revenue	6,027,564	5,710,168	2,853,883	1,993,292	8,881,447	7,703,460
(-) Gross revenue deductions	(3,001,533)	(2,860,436)	(1,488,536)	(989,287)	(4,490,069)	(3,849,723)
Net operating revenue	3,026,031	2,849,732	1,365,347	1,004,005	4,391,378	3,853,737
Costs of services provided	(1,738,804)	(1,563,817)	(1,365,347)	(181,096)	(2,002,255)	(1,744,913)
Personnel	(1,131,379)	(1,046,835)	(70,536)	(61,263)	(1,201,915)	(1,108,098)
Rents, condominium and property tax	(55,471)	(61,935)	241	(325)	(55,230)	(62,260)
Teaching material	(9,375)	(9,950)	(7)	(699)	(9,382)	(10,649)

In thousands of Reais, except when otherwise indicated

Third parties' services and other	(102,054)	(79,852)	(179,195)	(110,741)	(281,761)	(190,593)
Depreciation	(440,525)	(365,245)	(13,442)	(8,068)	(453,967)	(373,313)
Gross income	1,287,227	1,285,915	1,101,896	822,909	2,389,123	2,108,824

Consolidating the strategy plan with the creation of multi-brands, in 2021, the Company will present the income in 3 large generating units: in-class courses operations, digital education and premium education.

	In-class courses	**Digital**	**Premium**	**Total**
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)
Net revenue (Note 23)	**2,246,141**	**1,315,465**	**829,772**	**4,391,378**
Costs of the services provided (Note 24)	(974,270)	(269,165)	(304,853)	(1,548,288)
Personnel and social security charges	(829,205)	(89,488)	(283,222)	(1,201,915)
Rents, condominiums and property tax	(45,948)	470	(9,752)	(55,230)
Postage and Mailbags	(994)	(740)	(139)	(1,873)
Teaching material	(7,854)	(9)	(1,519)	(9,382)
Third parties' services and other	(90,269)	(179,398)	(10,221)	(279,888)
Depreciation and amortization (Note 24)	(371,765)	(16,821)	(65,381)	(453,967)
Gross income	**900,106**	**1,029,479**	**459,538**	**2,389,123**
Commercial 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
Operating income	**(136,476)**	**419,231**	**263,837**	**546,592**

29 Income tax and social security contribution

The reconciliation of calculated taxes, according to nominal rates, and the amount of taxes recorded for the years ended on December 31, 2021, and 2020 are presented below:

	Parent		**Consolidated**	
	2021	**2020**	**2021**	**2020**
Profit before income tax and social security contribution	158,451	102,172	110,629	4,965
Nominal rate combined from income tax and social security contribution - %	34	34	34	34
Income tax and social security contribution at legislation rates	(53,873)	(34,738)	(37,614)	(1,688)
Equity accounting	144,482	87,940		
Goodwill			15,182	9,765
Non-deductible expenses (i)	(18)		(3,257)	(1,756)
Interest on equity (ii)	(52,598)	(60,180)	755	
Tax loss - not constituted	(37,508)	2,964	(68,708)	(5,631)
Non-taxable income			2,731	
Other		23	141	323
	485	(3,991)	(90,770)	1,013
Tax benefits				
Tax incentives - PROUNI			133,135	77,006
Tax Incentive - Lei Rouanet			839	2,301
Current and deferred income tax and social security contribution charges over the income for the year	(485)	(3,991)	43,204	80,320

(i) Mainly consist of expenses for sponsorships, donations and gifts.
(ii) Refers to the payment of JCP in 2020 and 2021, the amounts of which are intended to increase the capital stock of subsidiaries (direct and indirect).

In thousands of Reais, except when otherwise indicated

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Current income tax and social security contribution tax		(6,893)	(11,854)	(52,386)
Deferred income tax and social security contribution (i)	485	2,902	55,058	133,025
Income tax and social security contribution of previous periods (ii)	(765)		4,338	12,577
	(280)	(3,991)	47,542	93,216

(i) The amount of IR and CS on deferred charges arises from temporary adjustments and tax loss carryforwards.

(ii) In 2021, it refers to the recognition of tax credits related to the effects of the positive and negative adjustments of IFRS16 on the calculation of profits from the exploration of the activity of the fiscal year 2019 under the terms of art. 58 of Law No. 12.973/2004.

As of December 31, 2021, the Company recorded deferred tax credits from the temporary differences in the amount of BRL 356,104 (BRL 322,632 as of December 31, and 2020). The composition of the tax effect on the temporary additions that gave rise to the recording of said credit is summarized below:

	Parent		Consolidated	
	2021	**2020**	**2021**	**2020**
Adjustment to present value			5,660	5,738
Provision for contingencies	152	102	75,301	83,926
Impairment Loss on Trade Receivables (PCLD)			73,593	89,941
Monthly tuition fees to be billed / canceled			26,566	32,581
Provision for retirement			16,724	14,020
Amortization plus Asset Value			(29,573)	(31,191)
Provision for Fies Risk			7,395	7,284
Recognized granted options	979	544	57,977	47,598
Leases			59,442	41,933
Business combination			(30,726)	(33,294)
Goodwill Incorporated			(11,290)	(11,290)
Depreciation	14	14	7,547	8,025
Foreign Exchange Variations		2,550		2,550
Tax loss			94,641	62,573
Other Assets			2,847	2,238
	1,145	3,210	356,104	322,632
Assets	1,145	3,210	356,104	322,632
	1,145	3,210	356,104	322,632

The realization of the deferred tax credit on temporary differences recorded on December 31, 2021, is linked to the realization of the provision that gave rise to the aforementioned credit.

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

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

	Consolidated
	2021
2021	13,025
2022	48,588
2023 to 2026	15,021
2027 to 2030	18,007
	94,641

In thousands of Reais, except when otherwise indicated

30 Commitments

The table below shows the required, non-cancelable annual minimum future payments related to the contractual obligations undertaken by the Company on December 31, 2021, and 2020.

			Consolidated
	Less than one year	**Between one and five years**	**over five years**
Commitments in 2021			
Campus leases / rental agreements	46,653	141,186	60,910
Commitments in 2020			
Campus leases / rental agreements	43,281	104,782	34,886

31 Subsequent Events

On February, 2022, the Company concluded the contracting of the 5th loan of line 4131 with Citibank in the amount of USD 44 million (converted to BRL 233 million in quotation equivalent to that date) with a single principal amortization on January 2, 2024 at the cost of the Active Curve of USD_SOFR + 0.90% pa and the passive CDI + spread.

On March 11, 2022, the Company decided to create a new date of payment regarding of the CCB with Banco Safra, at the principal amount of R$ 200 million, which would mature on June 13, 2022. The new operation began on the same date, with a single amortization on May 29, 2024 and payment of annual interest at the cost of CDI + spread.

YDUQS Participações S.A ("Company" or "YDUQS"), hereby informs its shareholders, investors, and the market in general that its subsidiary Damásio Educacional Ltda. ("Damásio") executed, March, 11, 2021, a purchase and sale agreement for 51% of the quotas representing the capital stock of Wemed Serviços e Cursos Preparatórios para Concursos S.A. ("Hardwork"). The transaction consists of the acquisition of 51% of the quotas representing Hardwork's capital stock in the amount of BRL 52 million, including the primary capitalization of Hardwork and the secondary acquisition of shares held by that company's current shareholders.

* * *

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, 2021 and 2020, prepared in accordance with 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 and Qconcursos, is Brazil's largest higher education player in number of students and is growing in the country through the expansion of its brands and the acquisition of new education institutions. The Company serves students from all social levels across Brazil and during the different stages of their adult lives. YDUQS is structured based on three large business units, or lines, which grant speed and specific focus for each operational segment: (i) **the Premium business unit** with reference brands such as IDOMED, which gathers Medical schools and IBMEC, which is an internationally recognized excellence center; (ii) **the Digital Learning business unit**, which brings together the largest number of students and has the highest historical growth rates. In addition to digital undergraduate, graduate programs and preparatory courses, the business units also features EnsineMe and Qconcursos, which develop, improve and deliver technology methodologies, contents and solutions to all of the group's institutions, and make Yduqs sector leader in terms of innovation and quality in digital and hybrid learning (100% online and flex) and (iii) the **On-campus business unit**, which has on campus experience, relationship between professors and other students as main values delivered and features Brazil's largest on-campus undergraduate operation, in addition to semi on-campus courses that are unique in the market, thanks to a proprietary educational model, the Aura model, which offers high-quality digital content and methodologies as tools for the professor to use in the classroom.

Our executive officers emphasize the Company's commitment to operating a base of over 1.2 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 performances. Furthermore, YDUQS always seeks to improve the engagement and communication with all stakeholders. Our commitment is to integrate 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 ticker "YDUQ3", and its Level I ADRs are traded in the North American market under ticker "YDUQY". YDUQS' shares closed 2021 priced at R$20.6.

Economic Scenario

Following a year marked by crisis, 2021 began with most economists expecting a year of mild growth, making a slow recovery, since the pandemic was already showing signs that it would last longer, thus undermining business resumption. Despite the GDP growth (4.6% in 2021), the Brazilian economy recovery was still modest, with only a portion of the sectors resuming to pre-pandemic levels.

Official inflation rate closed 2021 at 10%, the highest one since 2015, reaching almost two times the target ceiling. Said figure was influenced by the increase in fuel and commodity prices, depreciation of the Brazilian Real versus the US Dollar as well as the water crisis, which resulted in a spike in energy bills. As a result of increased inflation, the Brazilian Central Bank adjusted the basic interest rate (Selic) in order to try to prevent the price spike, ending 2021 at 9.25%, the highest level since 2017.

In the financial market, the scenario was not different. The US Dollar appreciated by 7.5% at the end of the year, priced at R$5.58 and the stock exchange accumulated losses and dropped by 11.9% vs. 2020, closing 2021 at 104,822 points. Part of this worsening is directly related to the government's institutional crisis.

Brazilian unemployment rate fell to 11.1% in 4Q21, a 1.5 p.p. decrease, which represents 1.4 million less unemployed people in the country compared to the previous quarter. The average annual unemployment rate was 13.2% in 2021, which shows a recovery trend compared to 2020, when the pandemic had the largest impact in the market.

Through the increase in Covid-19 vaccination rates in 2021 and the subsequent reduction in Covid cases and deaths, we will see a more accelerated economic recovery. The Company is optimistic about the resumption of our industry's growth, and we are already seeing an improvement in the 1.2022 intake cycle for the on-campus segment, which has been strongly impacted by the pandemic in 2020 and 2021. By the end of 2021, more than half of our students had returned to the campuses and, in the first semester of 2022, all of our students shall then be back to the campuses.

Message from the Management

We overcame major challenges in 2021. We had another pandemic year, with results in line with those of the period before Covid-19 and without the adjustments to non-recurring effects that we had to record in the 2020 balance sheet. The business organization efforts promoted between 2017 and 2019, has allowed us to go through the pandemic with solidity and dedicate a lot of energy to creating a new reality for our students, faculty, employees and shareholders.

The Yduqs group recorded R$1.3 billion revenue in Digital Learning in 2021 and build the foundation to reach that same level - organically and quickly - in premium operations. This figure is remarkable because it was FIES' revenue at its peak. We have created two business lines of this magnitude, with low investments and high growth rates, making the company lighter and independent from changes in public policies.

This is what has sustained us during this difficult year, in which we lost on-campus student base due to weak intake cycles. Looking forward, the intensity that is already evident in the 22.1 intake cycle coupled with these two young and thriving businesses, makes very confident about what is to come.

Besides having passed the stress test of the pandemic in the strategic solidity point of view, in 2021 Yduqs has transformed itself in terms of innovation and technology. Agile and digital thinking moved out of our backoffice and into frontline teaching. We have expanded the Aura model to 60% of the student base, launched Brazil's largest integrated digital platform, and revamped student experience – with record satisfaction level (NPS) across all business units. A new system for digital assessments is also in operation, which allows customizing and enriching teaching through the use of artificial intelligence.

Progress is constant on all business fronts. Idomed has been continually awarded authorizations for expansion of seats and new units, and the recognition for its academic quality only increases. Ibmec, which is opening two new campuses, is well positioned among Brazil's excellence institutions, far from price wars. Digital Learning, which has 80% of its more than 2,000 centers maturing, still has many cities to explore, offering the best product in the market, which is widely approved by students. In 2021, we reached the historical renewal record for Digital Learning: 80%. In the On-campus segment, after having stabilized the pressure on tuition in 20-21, we are going to resume our strong intake cycles. We expect an increase between 30% and 50% in 2022's first intake cycle compared to 21.1.

We have just completed two comprehensive diagnostics on the environmental and diversity & inclusion fronts. The results have shown a company that is environmentally responsible and has a level of diversity that draws attention. Just to illustrate, 33% of our senior management are women while 31% are Black. In 2021, we had our first class of Black trainees. Based on these studies and on our 50-year tradition in social projects, we have reorganized objectives, goals, and an action plan for the ESG agenda, which we will soon present to you all.

With this agile and responsible mindset, enforcing the economic and financial soundness of our business, and with a lot of technology, we will continue to create ways to include and increase our teaching quality, thus the value of our business.

We would like to thank all of you who have always shared this purpose with us and who continue to support us.

Eduardo Parente

YDUQS's CEO

Operational performance

At the end of 2021, the Company's total student base came to 1,243.8 thousand students, up by 63.1% compared to the previous year, boosted by the Premium and Digital segments.

Table 2: Student Base

R$ thousand	2020	2021	∆ %
Total Base	**762.6**	**1,243.9**	**63.1%**
On-Campus	**318.1**	**277.4**	**-12.8%**
On-Campus	300.5	255.7	-14.9%
Semi on-campus	17.1	21.1	23.4%
Masters' and Doctorate Degrees	0.5	0.7	30.8%
Digital Learning	**432.7**	**953.9**	**120.5%**
Undergraduate	333.6	432.8	29.7%
Lifelong	99.0	521.1	426.1%
QConcursos	0.0	447.0	n.a.
Premium	**11.9**	**12.5**	**5.5%**
Medicine	5.7	6.8	18.9%
IBMEC	6.2	5.8	-6.9%
Total Base (ex-FIES)	**729.2**	**1,224.2**	**67.9%**

Premium: In 2021, the **Premium** segment totaled 12.5 thousand students, up by 5.5% vs. 2020, due to the strong 18.9% growth in the **medical undergraduate** student base and the stability of I**BMEC undergraduate** student base, which ended the quarter with 4.8 thousand students (+0.9% vs. 2020).

The **medical undergraduate** student base totaled 6.4 thousand students in 2021 and we **expect** to end 2022 with a **student base in the range of 7.1-7.5 thousand students.** In 2021, **150 annual medical school seats were authorized** in 3 new campuses (50 seats in each one), in the cities of Açailândia (MA), Quixadá (CE) and Castanhal (PA). In addition, in February and March 2022, 200 new seats were approved. Besides that, there are potentially up to 786 expansion seats which could be approved to reach full potential.

The result of the company's investments in improving student experience, thus creating higher satisfaction and retention levels can be confirmed by the significant climb in **medicine's NPS** (+34 p.p.) when compared to 2020; as well as the greater renewal rate in the segment, which recorded a 96% score (in line with 2020).

Digital Learning: Digital Learning, which includes Lifelong, reached 953.9 thousand students by the end of 2021, recording robust growth of 120.5% YoY, boosted by the acquisition of Qconcursos in July 2021. Excluding Qconcursos' acquisition, Digital Learning student base 17% vs. 2020.

The **undergraduate student base** was up by 29.7% due to the strong expansion pace of DL centers, which grew 34% compared to 2020. The maturation of centers has also played an important part in this result, considering that 78% of them are still maturing, meaning that they have not yet reached 4 years of operation. We are present in 1,330 Brazilian cities and our current focus is to expand our presence in cities with population of over 30 thousand people and reach 2,500 centers by the end of 2022.

Investments in technology and improvement of digital platforms have resulted in **higher satisfaction and retention levels** and led to an increase in NPS (+19 p.p.) when compared to 2020 and the greatest renewal rate in the segment, which reached 80%[1] (up by 3% vs. 2020).

On-Campus: The **On-campus undergraduate** student base ended 2021 down by 12.8%, due to the pandemic, which has impacted intake especially in the first semester of 2021, and the drop in FIES student base (-42.4% vs. 2020). The segment begins to show signs of recovery, with an increase in intake in 2S21 (+12% vs. 2S20) and in enrollment intention for 2022. The **Semi On-Campus** student base, product launched in the beginning of 2021, has been gaining relevance, influenced by the increase of this new product's intake.

By the end of 2021, we had more than 60% of our on-campus students impacted by our **education model - AURA,** which means 40% of online classes, allowing said students to access the course content for the digital segment, which have been developed by EnsineMe, resulting in greater student satisfaction level, thus leading to an improvement to **NPS for On-Campus segment,** which was up by +18 p.p. vis-à-vis 2020. The segment's renewal rate stood at 84% (in line with 2020).

By the end of 2021, more than half of our students had returned to the campuses and, in the first semester of 2022, 100% of our students shall then be back to the campuses.

Financial Performance

Financial information used in the analysis below considers YDUQS consolidated results.

Table 1: Income Statement

R$ million	2020	2021	∆%
Gross Operating Revenue	**7,703.5**	**8,881.4**	**15.3%**
Monthly tuition fees	7,650.1	8,778.9	14.8%
Others	53.4	102.5	92.0%
Deductions from gross revenue	(3,849.7)	(4,490.1)	16.6%
Net Operating Revenue	**3,853.7**	**4,391.4**	**14.0%**
Cost of Services	(1,744.9)	(2,002.3)	14.7%
Gross profit	**2108.8**	**2,389.1**	**13.3%**
Gross Margin	*54.7%*	*54.4%*	*-0.3 p.p.*
Selling Expenses	(859.8)	(895.0)	4.1%
G&A Expenses	(895.0)	(973.2)	8.7%
Other operating revenue/ expenses	2.4	25.7	971.9%
(+) Depreciation and amortization	538.9	679.0	26.0%
EBITDA	**895.3**	**1,225.6**	**36.9%**
EBITDA Margin	*23.2%*	*27.9%*	*4.7 p.p.*
Financial Result	**(351.4)**	**(436.0)**	**24.1%**
Depreciation and amortization	(538.9)	(679.0)	26.0%
Income tax	69.2	35.6	-48.5%
Social Contribution	24.0	11.9	-50.3%
Net Income	**98.2**	**158.2**	**61.1%**
Net Margin	*2.5%*	*3.6%*	*1.1 p.p.*
Adjusted Net Revenue(1)	**4071.7**	**4,426.7**	**8.7%**
Adjusted EBITDA(1)	**1,349.9**	**1,336.6**	**-1.0%**
Adjusted EBITDA Margin	*33.2%*	*30.2%*	*-3.0 p.p.*
Adjusted Net Income(2)	**612.3**	**356.6**	**-41.8%**
Adjusted Net Margin	*15.0%*	*8.1%*	*-7.0 p.p.*

(1) Non-recurring items: (I) net revenue of R$35.3 million in 2021, related to the effects of laws and court decisions, which determined that higher education institutions should grant discounts to student; (ii) costs in the amount of R$45.8 million, related to operational research; (iii) general and administrative expenses in the amount of R$29.8 million related to integration of acquisitions and M&A, contract penalty in the delivery of property and other expenses. Total impact on EBITDA was R$111.0 million in 2021 vs. R$454.5 million in 2020.

(2) Adjusted to non-recurring effects on EBITDA in the amount of R$111 million, R$84.3 million related to the amortization of acquisition premium and third-party assets related to properties returned or yet to be returned and R$3.1 million in income tax and social contribution. Total impact on net income was R$198.4 million in 2021 vs. R$513.9 million in 2020.

Net Operating Revenue: The Company's net revenue recorded robust **growth of 14.0%** vs. 2020, and the **Premium and Digital segments** were the main growth drivers. **Together, they already represent 49% of the Company's total net revenue** (+9 p.p. vs. 2020).

The significant increases in the **Premium +39.8%** (+R$162.1 million vs. 2020 ex-acquisitions) and **Digital Learning +30.3%** (+R$270.7 million vs. 2020 ex-acquisitions) contributed towards this result. Furthermore, **Acquisitions** brought a R$800.3 million net revenue in 2021, more than offsetting the 9.8% drop (-R$201.3 million YoY ex-acquisitions) in the **On-campus** segment, still impacted by the pandemic and loss in FIES.

Over the past two years, the Company's net revenue has been impacted by the effects of laws and court decisions, which determined that higher education institutions should grant discounts to students. This impact **totaled R$35.3 million in 2021 a decrease of -83.8% vs. 2020 that reached R$218.0 million**, representing less than 1% of the Company's total net revenue. Excluding the effect of laws and court decisions, adjusted net revenue was up by 8.7% in 2021.

Cost of services and gross profit: In 2021, cost of services was up by 14.7% YoY, mostly due to the increase in personnel costs and transfer to partner centers. Below are the main changes to 2021 figures:

- Personnel costs: they were up by R$93.8 million in 2021, due to (i) operational research to improve class distribution, increase course sharing, improve occupancy rate and adopt online contents; (ii) increment in acquisitions and higher amount of vacation pay compared to 2020 (+R$14.4 million) due to Executive Order (MP) 936[1)], which authorized the temporary termination of labor contracts during business holidays. Excluding the non-recurring effect of the operational research, personnel costs were up by 6.4% in 2021, below LTM accumulated inflation (IPCA[(2)] 10.06%).
- Center transfer costs: grew by R$68.4 million in 2021, due to the strong Digital Learning expansion via partner centers (+520 centers vs. 2020), which represented a 49% increase in the student base of partner centers.
- Rent costs: R$95.9 million increase in rent expenses in 2021, related to new contracts plus the annual contractual adjustments The effect from IFRS 16 represented a year-on-year increase of R$112.9 2021, due to the standardization of leasing policy for acquired companies.
- Third-party services (security and cleaning), utility and other costs: were up by R$21.5 million in 2021, due to the gradual resumption of on-campus classes and the increment from acquisitions.
- Depreciation and amortization: R$80.7 million YoY increase in 2021 as a result of the acquisitions, improvements to third-party assets related to returned properties and those yet to be returned, in addition to the IFRS 16 effect.

Cost of services were impacted by non-recurring effects related to the operational research. Excluding such effects, **adjusted cost of services** increased by 13.3% in 2021.

In 2021, the Company's **gross profit** was R$2,389.1 million (+13.3% YoY) with a 54.4% gross margin, in line with 2020 figures.

(1) Flexibility of labor laws enacted in April/2020.
(2) Source: The Brazilian Institute of Geography and Statistics (IBGE)

Selling Expenses: Selling expenses were up by 4.1% in 2021. Excluding the non-recurring effect recorded in 2020, adjusted selling expenses increased by 17.7% YoY. Below are the main changes to 2021 figures:

- **Bad Debt expenses** amounted to R$513.9 million, down by 4.0% vs. 2020. Excluding the R$99.2 million non-recurring effect in 2020, Bad Debt expenses were up by 18%, related to the increase in Digital Learning intake and the change in student base mix.

- In 2021, **advertising and Sales &Marketing (M&S) expenses** were up by R$55.7 million, stemming from increased intake efforts, higher call center and sales commission expenses coupled with the increase in acquisitions. However, it is important to emphasize that as a percentage of net revenue, said expenses were in line with 2020.

Bad Debt + discounts were stable as a percentage of net revenue in 2021 (excluding the 2020 non-recurring effect).

General, administrative and other expenses: General and administrative increased by 8.7% YoY, below the LTM accumulated inflation (IPCA(1) 10.06%). Below are the main changes to 2021 figures:

- In 2021, personnel expenses were up by 37.2% YoY (R$95.1 million), due to the increment from acquisitions (R$65.2 million vs. 2020); the headcount increase from the Company's new corporate structure and higher vacation pay compared to 2020 (+R$4.8 million) due to Executive Order (MP) 936[2)], with the temporary termination of labor agreements during business holidays.
- Expenses with third-party services declined by R$5.6 million YoY in 2021, due to lower expenses with attorneys' and consulting companies' fees.
- Excluding the non-recurring effects of the lawsuit record review and the increase in contingencies in the amount of R$74.6 million in 2020, expenses with provision for contingencies were down by R$31.2 in the year. This drop arises from the Company's strategy to negotiate settlements in strategic proceedings (civil and labor lawsuits), which created a provision reversal.
- In 2021, expenses with maintenance and repairs were up by R$14.1 million, due to software, furniture and equipment maintenance at the units.
- Other expenses grew by R$21.2 million YoY in 2021, as a result of higher travel and accommodation expenses, education agreements and other expenses.
- Depreciation and amortization expenses were up by R$59.4 million in 2021 arising from the amortization of acquisition premium and amortization of systems, applications and software due to investments in digital transformation and technology.

General and administrative expenses were impacted by non-recurring effects amounting to R$29.8 million in 2021, related to the integration of acquisitions, contract penalty for the delivery of properties and other expenses. Excluding non-recurring effects, **adjusted general and administrative expenses** were up by 21.7% in 2021.

Other operational revenue (expenses) grew by R$23.4 million in 2021, mainly due to the increase in revenue from rental of spaces at the units and gains from the sale of property and equipment from recent acquisitions.

(1) Source: The Brazilian Institute of Geography and Statistics (IBGE)
(2) Flexibility of labor laws enacted in April/2020.

EBITDA: The Company's EBITDA was R$1,225.6 million, up by 36.9% vs. 2020, having as main growth drivers the **Premium** and **Digital** segments. Together, they **already represented ~70% of the Company's total EBITDA** in 2021. Below are the main changes to 2021 figures:

- **R$537.6 million** increase in adjusted net revenue **in 2021**, boosted by the Premium and Digital segments plus the acquisitions effect in the yearly result vis-à-vis 2020.

- **Negative costs and expenses effect** (-R$207.6 million), due to the following items explained in detail in the previous sections: (i) higher vacation pay, (ii) increase in transfer to partner centers arising from the growth in Digital Learning; (iii) operational research and (iv) increment from acquisitions.

EBITDA was impacted by non-recurring effects with impacts on revenue (laws and court decisions), integration and M&A expenses, organizational restructuring, contract penalty in the delivery of properties and other, which amounted to R$111.0 million in 2021, a 75.6% drop compared to R$454.5 million recorded in 2020. Excluding said effects, the Company's **adjusted EBITDA** came to R$1,336.6 million (-1.0% YoY) in 2021 and margin stood at 30.2% (-3.0 p.p. YoY)

Net Income: The Company's **Net income** reached R$158.2 million (+61.1% YoY) and **net margin** stood at 3.6% (+1.1 p.p. YoY). Below we present the main reasons for this result.

- R$330.3 million increase in EBITDA, boosted by Premium and Digital business units
- R$84.5 million worsening in financial result, mainly due to increased interest rates, increment from acquisitions and IFRS16 interest.
- R$140.1 million increase in depreciation and amortization, mainly due to the incorporation of acquisitions, improvements to third-party properties, amortization of acquisition premium, IFRS 16 effects and investments in systems, applications and software.
- R$45.7 million variation in income tax and social contribution in 2021, arising from non-recurring adjustments to the 2020 tax rate (adjustment of fiscal years prior to IFRS 16) and the deferred tax asset on tax loss, which represented a credit in the result in both cases.

Net income was also impacted by non-recurring and non-cash effects in the amount of R$198.2 million in 2021; (I) R$111.0 million in EBITDA in 2021; (ii) R$63.7 million in 2021, related to acquisition premium plus R$20.6 million to improvements to third-party assets related to returned properties or those yet to be returned recorded in 3Q21; and (iii) R$2.9 million in 2021 in income tax and social contribution. Excluding such effects, adjusted Net Income came to R$356.6 million in 2021 (-41.8% YoY).

Investments: The Company's **total Capex** amounted to R$543.8 million in 2021 (+17.3% YoY), with a 30.7% YoY increase in investments in digital transformation and information technology, which already accounted for 42% of total Capex in 2021, continuing with the company's efforts to offer increasingly modern and innovative education services.

Sustainability & Improvement investments, which include

maintenance and improvements to the units' physical infrastructure, projects targeted at boosting student satisfaction, legal and compliance-related projects, asset sale, among others, were up by 9.4% compared to 2021(32% of total Capex in 2021).

Investments in **expansion** increased by 8.7% vs. 2020, related to the programs' maturation compared to 2020, the new Maracanã unit, as well as the expansion of existing units and others. Investments in expansion ended the year accounting for 26% of total Capex.

Increasing investments in digital transformation and IT are improving student experience and, consequently, NPS for all segments: Medicine (+34 p.p. vs. 2020), Digital Learning (+19 p.p. vs. 2020) and on-Campus (+18 p.p. vs. 2020), as well as retention rates and education quality.

Cash Position and Debt: The Company's **cash and cash equivalents** ended 4Q21 at R$1,814.2 million. **Gross debt (excluding leasing)** ended the quarter at R$4,204.6 million (+20.5% YoY).

Excluding leases from gross debt, the **net debt/(LTM) adjusted EBITDA** to non-recurring items ration stood at **1.8x,** maintaining a healthy leverage and capital discipline.

At year-end, the Company had its 7th debenture issue in the amount of R$300 million and contracted new a loan with Citibank (Law no.4131) in the amount of R$447.6 million, as part of the strategy to pay part of its current debt (R$398 million), maintaining a strong cash position and taking advantage of interest rate curve opportunities to extend debt with a spread lower than the average cost of current debt.

Academic Model

EnsineMe

EnsineMe is the 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 that connects on-campus expertise to digital intelligence, making classroom a more interactive and collaborative space.

Aura provides a continuous learning relationship by creating a development line that depends both on on-campus and digital environments in an ecosystem that features Information Technology and Communication, model agencies, in-person and digital pedagogic practice and innovation labs, in addition to intermediate certifications by major fields and undergraduate programs. All of these features are brought together in an innovative curriculum that is connect to the highly dynamic job market.

Students have access to digital contents in accordance with their teaching plan. Professors engage students, who are invited to explore contents so they can actively participate in discussions in the classroom. Self-learning is also encouraged in a virtual environment that will offer them the flexibility they seek in developing their skills.

In order to build the learning model, the following premises were defined: (i) **more campuses** respecting the guidelines of the Ministry of Education (MEC) so that students have more time in their own campuses but still enjoy high-quality digital contents in all courses of their program; (ii) **more digital content and virtual labs,** and all Aura courses with digital contents and several programs with virtual labs; (iii) **alignment to career path**, the entire curriculum was designed to meet market changes and needs; (iv) **more standardization**, with standardized credits; (v) **more continuous and collaborative learning**, the entire matrix was developed to offer a continuous and collaborative learning process; and (vi) **more complex cognitive activities**, where the activities prepared are anchored on education strategies based on problem situations that encourage students to develop their skills.

In 2021, we continued to invest in training our faculty through a corporate education program with 46 thousand participants in training sessions offered. The comparative analysis of the Student Satisfaction level (ISA, in Portuguese) shows that 76% of professors have enhanced or maintained their results after attending in at least one training session offered by the department, which shows the effectiveness of the initiatives.

By the end of 2021, we had more than 60% of our on-campus students impacted by our AURA learning model, which means they have 40% of their classes online. We expect to end 2022 with ~80% of our students in the AURA model.

Aura goes beyond the barrier between the classroom and virtual environment. Now, both of them are interconnected, complementing each other and offering students more tools, content, interaction and presence.

Regulatory Framework

Evaluation: ENADE and in loco visits

The National Student Performance Examination (Enade in Portuguese) was not held in 2020, therefore the results for the aforementioned examination (ENADE 2020) were not announced in 2021.

In regard to in loco visits, which are significantly important to the consolidation of academic excellence in regulatory terms, out of the evaluations carried out by the MEC at Yduqs' Higher Education Institutions throughout Brazil in 2021, 100% were graded 4 or 5 (excellent) on a scale of 1 to 5.

Evaluation: Masters' and Doctorate Degrees

In view of the four-year period, the high scores of our *stricto sensu* masters' and doctorate programs have been maintained, according to the CAPES post-secondary improvement scale. As for Universidade Estácio de Sá, the Masters' and Doctoral programs in Law received grade 5, standing out in the state of Rio de Janeiro. and the grade 4 awarded to our masters' and doctoral programs in Education and Dentistry, and our professional masters' programs in Corporate Management and Development and Family Health. Regarding Centro Universitário Ibmec, also in Rio de Janeiro, the quality of the Management and Economics programs received grade 4.

Accreditation to offer distance learning higher education courses:

In 2021, MEC has published accreditation ordinances to offer distance learning higher education courses at the following institutions. (i) **Centro Universitário Estácio da Amazônia**, institution accredited with score 5 in the in loco evaluation visit (scale from 1 to 5); (ii) **Centro Universitário Estácio do Ceará**, institution accredited with score 5 in the in loco evaluation visit (scale from 1 to 5); and (iii) **Centro Universitário Estácio de Brasília**, institution accredited with score 4 in the in loco evaluation visit (scale from 1 to 5).

Accreditation of Higher Education Institution:

Faculdade Damásio Educacional: On April 30, 2021, the institution's accreditation ordinance was published, accredited to offer distance learning higher education courses exclusively, and it has been approved with score 5 in the in loco evaluation visit (scale from 1 to 5). It is headquartered in São Paulo, state of São Paulo.

Mais Médicos II Program (Ordinance no. 1/2018/SERES/MEC)

Faculdade de Medicina Estácio de Castanhal: On March 03, 2021, the accreditation Ordinance was published for the institution located in the city of Castanhal, state of Pará, and on March 05, 2021, an Ordinance was published authorizing the Medicine Course, with 50 total annual seats.

Faculdade de Medicina de Açailândia: On March 03, 2021, the accreditation Ordinance was published for the institution located in the city of Açailândia, state of Maranhão, and on March 05, 2021, an Ordinance was published authorizing the Medicine Course, with 50 total annual seats.

Centro Universitário Estácio do Ceará (campus Quixadá): On March 03, 2021, the accreditation Ordinance was published for the institution located in the city of Quixadá, state of Ceará, and on March 05, 2021, an Ordinance was published authorizing the Medicine Course, with 50 total annual seats.

Sustainability (ESG)

In 2021, we saw the Environmental, Social and Governance (ESG) theme gain momentum and relevance, also strengthening our commitments to stakeholders and a sustainable development, For decades, YDUQS has put sustainability to practice, with the engagement and participation of the company's several departments, as well as its leaders and students. Our strategy and financial results are connected to ESG pillars.

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 compliance with environmental licensing, with the Solid Waste Management Plans (PGRS), employee environmental training, consumption reduction practice and compliance with environmental laws are also included in the evaluation.

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.

The Company conducts awareness-raising campaigns at all units and hires expert companies to identify opportunities. 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. In addition, YDUQS invests in equipment that enables reduction in water and energy consumption at the operations (efficient lighting, economic taps and dual flush toilets for instance).

Currently, 81% of the Company's energy comes from renewable sources, of which 75% from the Wholesale Energy Market and 6% 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 CO_2 by 2030.

Still concerned about CO_2 emission, in 2021, Yduqs hired a consulting company specialized in Greenhouse Gas Emission (GHG) inventory. This was the first step towards assessing how our activities impact the environment, so that we can define strategies to contribute to fighting climate change. Reports with scope 1 and 2 results are being prepared, so that the Company can define actions and devise the necessary strategies to neutralize emissions.

Social Pillar

Yduqs Institute

We launched the Yduqs Institute in 2021. We know that knowledge expands awareness, stimulates autonomous thinking, and opens windows on the world. When allied to purpose, it is capable of producing an even more significant effect.

This is how the Yduqs Institute was born, the result of more than 50 years of working close to society in the field of education, and we want to go further, supporting more and more social development, environmental, and health projects.

We believe in the power of people, ideas, and initiatives, and that everyone can be an important agent for change.

That is why we will build even more bridges between organizations, communities and individuals, fostering projects that promote inclusion. We are sure that together we can make the world a fairer and more equal place.

Through the Yduqs Institute, we will make solid and lasting changes in people's lives.

The reach of Yduqs Institute

Education: Continuous process with an important multiplying effect and power to change society. We have invested in initiatives to encourage and improve the country's education reality, impacting elementary and high school students and teachers, especially in the public education system.

Social Development: We have invested in initiatives that impact the communities surrounding our units. We have entered into partnerships with institutions working with children and youngsters in situation of social vulnerability and held initiatives to raise the awareness of our students and faculty about their role as citizens.

Environment and health: We have channeled all our efforts towards individual aspects and, most importantly, collective factors. In the environmental field, we seek to develop a sustainable awareness through projects focused on innovation and conservation. In terms of health, we understand that some of the premises include fostering undergraduate and scientific research as well as providing quality service to the community.

Educar para Transformar Program

The Company's Corporate Social Responsibility initiatives, guided by the *Educar para Transformar* (Educating to Transform) Program, are based on the **Sports, School, Citizenship, Culture and Innovation & Entrepreneurship** pillars. The program boosts the synergy between projects to benefit social institutions and have the participation of students, faculty members and employees. In 2021, YDUQS played its part and continued to fight the pandemic through initiatives such as donation campaigns in several units, manufacturing and donation of protection masks, full and partial scholarship programs and launch of free online courses. We denote Yduqs participation in the *Brasil sem Fome* (Brazil without hunger) campaign, which aimed to help families in need during the pandemic by donating more than 5 tons of food items.

Among the initiatives in the period, we can highlight:

Local engagement and development

YDUQS Education Institutions are present in all Brazilian states and all of them contribute to the engagement with the community and local development. Regional, Department and Unit Managers are responsible for identifying opportunities in addition to developing and managing Corporate Social Responsibility initiatives and projects.

These several social initiatives and extension projects integrated, most of the time based on the courses offered at the units. Some examples include 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). These programs served nearly 800,000 people.

At YDUQS, education is more than just passing on knowledge – it involves constructing values. Sports include all these components, making it an essential part of the learning process and a key ingredient in the formation of citizenship.

Therefore, the Company invests in social initiatives, events and projects that integrate sports and education, such as the **Estácio Team**, which is a selection of athletes from several modalities supported by the Institution. Estácio supports more than 700 athletes. The **Literacy and Writing Skills Project for Youngsters and Adults** is an initiative in line with UN's Sustainable Development Goals, which aims to help reducing illiteracy in Brazil and has already helped more than 500 people.

We believe that a fairer society needs to invest in strengthening citizenship initiatives. Through the Yduqs Volunteer Portal, we foster the engagement of our faculty members and administrative personnel in more than 200 initiatives that impacted nearly 23,000 people. **Culture** plays an important role in developing citizenship, forming critical and aesthetic senses and expanding individuals' world view. In 2021, 39 cultural projects were supported by our institutions.

The **Innovation and Entrepreneurship pillar** fosters innovative and entrepreneur practices among all of the group's students. Respecting the DNA of each brand and in partnership with specialists in entrepreneurship, we support our students since the idealization of their first business, such as the creation of a startup, in addition to developing businesses with social impact.

Employees

The 2021 results 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 2021 with 17,726 employees, of whom 9,908 are faculty members and 7,818 work in administrative and educational support positions.

In total, the Company paid R$1.295 billion in payroll and social charges in 2021.

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

Employees by gender	%
Men	46%
Women	54%

Employees by age group	%
Under 30 years old	22%
Between 31 and 40 years old	37%
Between 41 and 50 years old	24%
Between 51 and 60 years old	11%
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. In addition to the Monthly Results Meeting (MRM) and the Operational Performance Management (GDO), we hold a series of other systematized meetings such as Academic Development Management (GDA), focused on teaching, thus ensuring the alignment of results and ongoing improvement of processes and student satisfaction.

The Company has more than 860 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. Additionally, the Company offers variable compensation programs for course coordinators and sales teams.

Currently, 149 executives are eligible to the Long-Term Incentive programs (share-based compensation).

As part of the continuous result monitoring process, the Management System adds, in addition to the Monthly Results Meeting (MRM) and the Operational Performance Management (GDO), a series of other systematized meetings such as Academic Development Management (GDA), focused on teaching, ensuring the alignment of results and ongoing improvement of processes and student satisfaction.

The Company also has a portal that compiles information on all the Company's Regulatory Documents. The transparency of our processes, policies and institutional guidelines, as well as their easy access, helps with the execution of tasks, encourages learning and helps ensure quality.

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 diversity is a tool for improvement.

In November 2008, when the Company was named Estácio, YDUQS joined the Novo Mercado listing segment, the highest level of Corporate Governance in Brazil, in the pursuit of greater management transparency and efficiency. Among the main initiatives we can highlight: (i) partnership with the Brazilian Corporate Governance Institute ("IBGC "), (ii) annual publication of the Sustainability Report, as of 2014, with adoption of the Global Reporting Initiative (GRI) methodology and the associated G4 Guidelines, and (iii) publication and ongoing review of Corporate Policies, such as the Securities Trading Policy, Material Act and Fact Policy, Related-Party Transaction Policy, Risk Management Policy, Compensation Policy, Policy for the Appointment of Board of Directors Members, Executive Officers and Committee Members, Information Security Policy, Privacy Policy, Code of Ethics and Conduct and Anti-Corruption Code.

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.

Management

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.

YDUQS's Board of Directors is currently composed of eight independent sitting members of different nationalities, ages and university education, with excellent reputation, multidisciplinary expertise in Brazil and abroad, elected for a two-year term of office.

Four statutory committees advise the Board of Directors – the People and Governance Committee, the Audit and Finance Committee, the Performance Monitoring Committee and the Academic Committee, which strictly follow their internal regulations approved by the Board of Directors.

The Statutory Board of Executive Officers is composed of four executives of different ages and university education, with excellent reputation, multidisciplinary expertise, elected for a two-year term of office by the Board of Directors, namely: a Chief Executive Officer, a Chief Financial and Investor Relations Officer, an Education Officer and one other officer without portfolio. In addition to the members of the Statutory Board, the Board of Executive Officers is also composed of six officers, responsible for the Market, People and Management, Digital Content, Institutional Relations, Corporate Operations and Premium Operations areas.

The Fiscal Council is composed of three sitting members and three alternate members, all of whom independent and with expertise in corporate accounting, of different ages and genders, with excellent reputation and university education, elected for a one-year term of office (reelection is permitted), whose duties and powers comply with the legal and regulatory requirements, including those of the Novo Mercado Listing Rules, its Internal Regulation and the Company's Bylaws, as well as with the best Brazilian and international market practices.

Independent Auditors

Pursuant to CVM Instruction 381/2003, 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, 2021, prepared in accordance with Brazilian accounting practices. The fee for the external audit was R$2,050,000.00

Service	Fee	Term	Nature
Audit	2,050,000.00	April 2021 to March 2022	Quarterly review and analysis of the 2021 financial statements
TOTAL	**2,050,000.00**		

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 25, items V and VII of CVM Instruction 480/2009, the Executive Officers of Estácio 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 Ernst & Young Auditores Independentes S.S., both of which for the fiscal year ended December 31, 2021.

Rio de Janeiro, March 15, 2022.

Eduardo Parente Menezes, Eduardo Haiama, Adriano Pistore and José Aroldo Alves Júnior.