

YDUQS Participações S.A.

Quarterly Information - QFS

September 30, 2022 and

Independent Auditors' Report



Report on review of quarterly information

To the Board of Directors and Stockholders
YDUQS Participações S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of YDUQS Participações S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2022, comprising the statements of financial position at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, November 10, 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 In thousands of Brazilian reais

	Parent company		Consolidated			Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	149,450	485,239	894,356	905,461	Suppliers	1,324	2,927	211,735	183,529
Securities (Note 3)	6,425	82,254	689,177	908,779	Loans and financing (Note 11)	424,767	972,835	424,767	972,835
Trade receivables (Note 4)			1,049,105	957,746	Leases (Note 12)			236,212	221,562
Related Parties (Note 5)	183	140			Salaries and social charges (Note 13)	296	741	239,297	206,131
Prepaid expenses (Note 6)	381	641	18,399	10,140	Tax obligations (Note 14)	2,660	14,894	71,208	105,554
Taxes and contributions recoverable (Note 7)	57,295	66,182	196,853	163,664	Prepaid monthly fees			74,198	76,434
Other			23,848	27,770	Tax payment in installments (Note 15)			4,455	4,407
	213,734	634,456	2,871,738	2,973,560	Related parties (Note 5)	92	190		
					Dividends payable (Note 18)	37,594	37,596	37,594	37,596
					Acquisition price payable (Note 16)			79,438	49,096
					Other	4,948	4,723	10,050	8,795
						471,681	1,033,906	1,388,954	1,865,939
Non-current					Non-current				
Long-term assets					Long-term liabilities				
Trade receivables (Note 4)			211,161	273,632	Loans and financing (Note 11)	3,697,206	3,089,359	3,697,206	3,089,359
Prepaid expenses (Note 6)	96	2	6,662	8,044	Leases (Note 12)			1,365,272	1,223,319
Legal deposits (Note 17)	329	248	89,606	100,619	Contingencies (Note 17)		448	217,413	221,474
Deferred taxes (Note 28)	1,166	1,145	385,893	356,104	Tax payment in installments (Note 15)			8,193	10,100
Taxes and contributions recoverable (Note 7)	41,212	22,264	147,861	129,062	Provision for assets retirement			86,731	91,017
Other			12,687	12,905	Acquisition price payable (Note 16)			43,083	97,134
	42,803	23,659	853,870	880,366	Financial liabilities - options			55,917	
					Other	18,898	21,392	33,298	57,869
						3,716,104	3,111,199	5,507,113	4,790,272
Investments					Equity (Note 18)				
In subsidiaries (Note 8)	6,175,271	5,948,507			Share capital	1,139,887	1,139,887	1,139,887	1,139,887
Other			338	338	Expenditure on issuing shares	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,065	780,065	3,605,807	3,508,563	Capital reserves	714,577	702,655	714,577	702,655
Property, plant and equipment (Note 10)		2	2,602,452	2,534,968	Retained earnings	1,586,372	1,586,372	1,586,372	1,586,372
					Treasury shares	(360,959)	(160,478)	(360,959)	(160,478)
					Equity Valuation Adjustment	(55,917)		(55,917)	
					Income for the period	26,980		26,980	
	6,955,336	6,728,574	6,208,597	6,043,869		3,024,088	3,241,584	3,024,088	3,241,584
					Non-controlling interest			14,050	
	6,998,139	6,752,233	7,062,467	6,924,235	Total equity	3,024,088	3,241,584	3,038,138	3,241,584
Total assets	7,211,873	7,386,689	9,934,205	9,897,795	Total liabilities and equity	7,211,873	7,386,689	9,934,205	9,897,795

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

YDUQS Participações S.A.

Statements of income

Nine-month period ended September 30

In thousands of Brazilian reais, except profit per share

	Parent company		Consolidated	
	2022	2021	2022	2021
Continued operations				
Net revenue from activities (Note 22)			3,463,318	3,341,031
Costs of services provided (Note 23)			(1,475,808)	(1,459,311)
Gross income			1,987,510	1,881,720
Operating revenues (expenses)				
Selling expenses (Note 24)			(706,431)	(674,739)
General and administrative expenses (Note 24)	(14,481)	(17,288)	(755,232)	(704,802)
Equity accounting income (Note 8)	440,825	390,641		
Other operating revenues/expenses (Note 25)	2,266	2,266	17,178	16,392
Operating income	428,610	375,619	543,025	518,571
Financial revenues (Note 26)	25,456	110,798	181,046	206,217
Financial expenses (Note 26)	(427,107)	(253,435)	(708,119)	(492,007)
Net financial income	(401,651)	(142,637)	(527,073)	(285,790)
Profit before income tax and social security contribution	26,959	232,982	15,952	232,781
Current and deferred income tax (Note 28)	16	(339)	9,745	780
Current and deferred social security contribution (Note 28)	5	(122)	3,150	(1,040)
Net income for the period:				
Attributed to shareholders of the parent company	26,980	232,521	26,980	232,521
Attributed to non-controlling shareholders			1,867	
	26,980	232,521	28,847	232,521
Net income per batch of 1000 shares - basic (Note 21)	0.09119	0.77092	0.09119	0.77092
Net income per batch of 1000 shares - diluted (Note 21)	0.09119	0.77076	0.09119	0.77092

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

YDUQS Participações S.A.**Statements of comprehensive income**
Nine-month period ended September 30
In thousands of Brazilian reais

	Parent company		Consolidated	
	2022	2021	2022	2021
Net income for the period	26,980	232,521	26,980	232,521
Total comprehensive income for the period, net of taxes	26,980	232,521	26,980	232,521
Attributable to:				
To the parent company's shareholders	26,980	232,521	26,980	232,521
Non-controlling shareholders			1,867	
	26,980	232,251	28,847	232,521

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

YDUQS Participações S.A.

Statements of changes in equity In thousands of Brazilian reais

	Share capital	Expenditure with share issuance	Capital reserves			Retained earnings		Equity Valuation Adjustment	Accrued earnings	Additional proposed dividends	Equity Net	Non-controlling Interests	Equity Net Consolidated
			Goodwill on share subscription	Granted options	Legal	Retained earnings	Treasury shares						
As at January 1, 2021	1,139,887	(26,852)	583,801	103,702	183,889	1,281,878	(179,759)			118,423	3,204,969		3,204,969
Granted options (Note 20)				135							135		135
Restricted Shares Granting Plan (Note 20)				32,469							32,469		32,469
Negative goodwill on treasury shares sale (Note 18d.3)			(478)				478						
Cancellation of Treasury Shares (Note 18)							(25)				(25)		(25)
Payment of Restricted Shares Granting Plan (Note 18 d.3)				(16,974)			16,974						
Payment of Stock options							1,854				1,854		1,854
Additional proposed dividends										(118,423)	(118,423)		(118,423)
Net income for the fiscal year									158,171		158,171		158,171
Appropriation of net income													
Constitution of reserves					7,908	112,697			(120,605)				
Proposed dividends									(37,566)		(37,566)		(37,566)
As at December 31, 2021	1,139,887	(26,852)	583,323	119,332	191,797	1,394,575	(160,478)				3,241,584		3,241,584
Granted options (Note 20)				26							26		26
Restricted shares granting plan (Note 20)				12,036							12,036		12,036
Stock buyback							(200,653)				(200,653)		(200,653)
Payment of Restricted Shares Granting Plan				(140)			140						
Payment of Stock options							32				32		32
Equity Valuation Adjustment (Purchase Option)								(55,917)			(55,917)		(55,917)
Net income for the period									26,980		26,980		26,980
Non-controlling interests												14,050	14,050
As at September 30, 2022	1,139,887	(26,852)	(12,141)	131,254	191,797	1,394,575	(360,959)	(55,917)	26,980		3,024,088	14,050	3,038,138

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

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flow from operating activities				
Profit before income tax and social security contribution	26,959	232,982	15,952	232,781
Adjustments to reconcile the income to cash and cash equivalents generated:				
Depreciation and amortization	2	25	526,286	504,726
Amortization of loan funding costs	3,367	7,650	3,367	7,650
Impairment loss on trade receivables			423,608	344,053
Provision for loss - Other trade receivables			3,167	2,418
Granted options – Stock options provision	510	1,050	12,003	29,174
Provision (reversion) for contingencies	(447)	(152)	81,512	77,856
Interest on loans and financing	403,208	146,914	403,208	146,914
Interest on leases			110,109	93,711
Adjustment of assets retirement obligation			6,632	7,420
Adjustment of commitments payable			14,020	3,200
Earnings (loss) from the write-off of property, plant and equipment and intangible assets			3,421	(776)
Equity accounting method	(440,825)	(390,641)		
Adjustments to present value – trade receivables			12,604	9,317
Adjustment of tax credits	(5,347)	(562)	(11,782)	(1,888)
Other	(743)	(21,656)	(4,628)	(59,259)
	(13,316)	(24,390)	1,599,479	1,397,297
Variations in assets and liabilities:				
(Increase) in trade receivables			(461,528)	(503,184)
(Increase) Decrease in prepaid expenses	166	(1,034)	(6,877)	(10,498)
(Increase) Decrease in Taxes and contributions recoverable	18,536	(9,424)	(34,390)	20,979
(Increase) Decrease in Legal deposits	(82)	(11)	11,013	(9,102)
(Increase) Decrease in other assets	(43)	(11)	3,983	10,015
Increase (Decrease) in suppliers	(209)	621	26,578	24,201
Increase (Decrease) in payroll and social charges	(584)	64	33,157	108,696
Increase (Decrease) in tax obligations	(12,234)	(21,110)	(35,990)	(40,605)
Increase (Decrease) in monthly fees received in advance			(3,814)	(14,339)
(Decrease) in Tax installment payment			(2,505)	(2,216)
(Decrease) in Civil / labor / tax awards	(1)	(3)	(85,573)	(93,879)
Increase (Decrease) in Provision for assets retirement obligations			(10,918)	(18,595)
Increase (Decrease) in other liabilities	127	(786)	(19,555)	(6,657)
	(7,640)	(56,084)	1,013,060	862,113
Interest paid on loans	(369,856)	(146,121)	(369,856)	(146,121)
Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) paid			(21,324)	(33,881)
Net cash provided by (used in) operating activities	(377,496)	(202,205)	621,880	682,111
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(91,973)	(120,876)
Acquisition of Intangible assets			(240,756)	(204,594)
Acquisition of subsidiaries, net of cash obtained in the acquisition			(25,757)	(191,261)
Advance for future capital increase	(37,050)	(177,110)	-	-
Application (redemption) of Securities, net	75,829	121,488	219,602	(132,559)
Dividends received	183,639			
Acquisition price payable			(46,105)	22,862
	222,418	(55,622)	(184,989)	(626,428)
Net cash provided by (used in) investment activities				
Cash flow from financing activities:				
Acquisition of treasury shares	(200,620)	(26)	(200,620)	(26)
Use of treasury shares derived from the exercise of stock options		2,449		2,449
Dividends paid	(2)	(31)	(2)	(31)
Debenture issuance amount	500,000	1,850,000	500,000	1,850,000
Amount received from Loans and financing	233,156	36,080	233,156	36,080
Loan funding costs	(2,804)	(13,309)	(2,804)	(13,309)
Amortization of loans and financing	(710,441)	(1,535,108)	(710,441)	(1,535,108)
Lease amortization			(267,285)	(263,662)
	(180,711)	340,055	(447,996)	76,393
Net cash provided by (used in) financing activities				
Increase (decrease) in the balance of cash and cash equivalents	(335,789)	82,228	(11,105)	132,076
Cash and cash equivalents at the beginning of the period	485,239	334,127	905,461	925,341
Cash and cash equivalents at the end of the period	149,450	416,355	894,356	1,057,417
Variation in cash equivalents balance	(335,789)	82,228	(11,105)	132,076

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

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenues				
Educational services			3,594,134	3,459,714
Other revenues			2,710	2,602
Impairment loss on trade receivables			(423,608)	(344,053)
			3,173,236	3,118,263
Inputs acquired from third parties				
Materials, electric power, and others	(7,769)	(9,545)	(283,142)	(237,874)
Third-party services	(2,747)	(2,991)	(325,721)	(268,771)
Advertising			(219,623)	(255,449)
Contingencies	284	110	(51,625)	(51,678)
	(10,232)	(12,426)	(880,111)	(813,772)
Gross value added	(10,232)	(12,426)	2,293,125	2,304,491
Depreciation and amortization	(2)	(25)	(526,286)	(504,726)
Net value added produced	(10,234)	(12,451)	1,766,839	1,799,765
Added value received from transfer				
Equity accounting method	440,825	390,641		
Financial revenue	40,959	111,491	205,002	211,769
Other	2,497	2,496	39,742	17,611
	484,281	504,628	244,744	229,380
Total value added to be distributed	474,047	492,177	2,011,583	2,029,145
Distribution of value added				
Work compensation				
Direct compensation	3,367	4,082	816,158	839,288
Benefits			58,994	54,067
FGTS (Government Severance Indemnity Fund for Employees)			58,411	57,287
	3,367	4,082	933,563	950,642
Taxes, fees, and contributions				
Federal	17,614	2,148	195,041	199,517
Municipal			134,691	132,165
	17,614	2,148	329,732	331,682
Compensation of third-party capital				
Interest			704,864	491,404
Rents	426,086	253,426	14,577	22,896
	426,086	253,426	719,441	514,300
Compensation on equity				
Retained earnings	26,980	232,521	26,980	232,521
Non-controlling shareholders' interest in retained earnings			1,867	
	26,980	232,251	28,847	232,521
Distributed value added	474,047	492,177	2,011,583	2,029,145

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

1 General information**1.1 Operating context**

YDUQS Participações S.A. ("The Company") and its subsidiaries (jointly, "the Group") are mainly involved in the development and/or management of activities and/or institutions in the fields of higher education, professional education, and/or other fields related to education, in the management of their own assets and businesses, and the holding of interest, as partner or shareholder, in other partnerships and companies in Brazil.

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

The Group has 36 companies, including YDUQS Participações S.A and Instituto Yduqs, 29 of which are sponsors of a higher education institution, organized as limited liability business companies, and comprises a University, 22 University Centers, and 48 Colleges, accredited and distributed in 25 states in Brazil and in the Federal District.

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

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

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

The Company's Board of Directors approved the disclosure of this interim accounting information at a meeting held on November 9, 2022.

1.2 Basis for preparation

The quarterly financial statements (parent company and consolidated) were elaborated according to the Technical Pronouncement CPC 21 — Interim Statement and the international accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of such information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Statements (QFS), and show all relevant information related to the financial statements (parent company and consolidated), and only these, which are consistent with the used by the management in its activities.

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian corporate legislation and accounting practices adopted in Brazil applicable to publicly-held companies. The DVA was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added." IFRS does not require the presentation of this statement. As a consequence, under IFRS,

**Management notes to the financial statements
as at September 30, 2022
In thousands of Brazilian reais**

this statement is presented as supplementary information, without prejudice to these quarterly financial statements.

1.3 Accounting policies

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

1.4 Changes to accounting policies and disclosures

New standards in force in 2022

- **Amendment to IAS 16 "Property, Plant, and Equipment"**: in May 2020, the IASB issued an amendment that prohibits an entity from deducting from the cost of property, plant, and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in the income for the fiscal year. The effective date of application of this change is January 1st, 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 1st, 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 with the newer one. The amendment to IFRS 3 is effective from January 1st, 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 1st, 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"** - the amendment of example 13 in order to exclude the example of payments by the lessor related to improvements in the leased property.
 - (iii) **IFRS 1 "Initial Adoption of International Financial Reporting Standards"** - simplifies the application of said standard by a subsidiary that adopts IFRS for the first time after its parent company, in relation to measuring the accumulated amount of exchange rate variations.

The new IFRS standards or IFRIC interpretations that came into force don't have a significant impact on the Group's financial statements.

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 or 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.

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

For a contract for the future acquisition of non-controlling interests, the Group adopts the policy based on CPC 39 – Presentation of Financial Instruments and CPC 48 Recognition and Measurement (IAS 39), which states that the transaction will be recognized at fair value, constituting a Financial Liability – Options, on the other hand, in equity separately from non-controlling interests. In addition, the policy establishes that changes in fair value over the life of the contract will be recognized in equity.

WEMED Educação Médica Ltda. ("Hardwork")

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

Acquisition Price Structure:

- (i) The agreement establishes that the total acquisition price of the 51% interest as BRL 52 million, of which BRL 23 million will be paid in cash, BRL 20 million as an investment contribution (of which BRL 10 million have been paid in upon the acquisition and BRL 10 million shall be paid in 12 months) and BRL 9 million payable in a single installment in the first anniversary of the closing date.
- (ii) In addition to the acquisition price, the agreement establishes that the sellers will be entitled to receive an additional, conditioned and uncertain amount corresponding to up to BRL 10 million, according to the contractual conditions until the year company ended December 31, 2023.
- (iii) Furthermore, the contract, establishes between the parties, an option to buy and sell the shares subscribed in its entirety and not less than the totality of the shares. The amount of the option will be determined in accordance with the mutually agreed calculation methodology.

The period foreseen to exercise the option will be after 5 years. However, for the purchase option, it is foreseen, choose, for a postponement of up to 3 consecutive years, after the signing of the contract. Immediately after the established period, the purchase option may be freely exercised with the application of the discount rate.

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

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

The table below summarizes the consideration paid for the 51% interest, 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:

	Wemed ("Hardwork")
Assets	
Current	28,053
Cash and cash equivalents	12,697
Trade receivables	3,571
Related Parties	9,307
Taxes and contributions	42
Other assets	2,436
Non-current	681
Property, plant and equipment	681
	28,734
Liabilities	
Current	3,760
Suppliers	99
Leases	159
Salaries and charges	69
Labor liabilities	1,878
Prepaid monthly fees	1,578

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Non-current	64
Leases	64
	3,847
Net assets acquired	24,887
Non-controlling interests	(12,194)
Added Value- Identifiable assets at fair value	8,145
Goodwill (i)	29,845
Total consideration	50,683
Cash flow at the time of acquisition	
Cash	33,000
Payment in installments	9,000
Investments (Contribution to be paid in)	10,000
Present value adjustments (ii)	(1,317)
Earn-Out (iii)	
Net cash flow on acquisition	50,683

(i) The fair values and determination of the goodwill presented above are preliminaries as set forth for CPC15 / IFRS 3 - Business Combination.

(ii) Discount rate: 13.14% (Future DI)

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

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

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

2 Notes that were not presented

The quarterly financial statements are being presented in accordance with CPC 21 (R1), IAS 34, and the rules issued by the CVM. Based on this faculty and management's assessment of the relevant impacts of the information to be disclosed, the notes described below are not being presented. The others are being presented in order to enable a perfect understanding of these quarterly financial statements if read together with the notes disclosed in the financial statements as of December 31, 2021.

Notes that were not presented:

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

3 Cash and cash equivalents and securities

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Cash and banks	367	1,204	18,293	47,729
Financial Bills (LFs) (Exclusive funds)	11,265	44,376	399,884	321,425
Bank Deposit Certificate (CDB)	132,572	356,152	137,469	425,762
CDB (Exclusive funds)	1,533	32,962	13,078	34,400
Repurchase	3,713	50,545	325,632	75,784
Corporate Credit				361
Cash and cash equivalents	149,450	485,239	894,356	905,461

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Federal Sovereign Debt Securities (Investment Fund)	6,425	82,254	689,177	908,779
Notes and Securities	6,425	82,254	689,177	908,779
Total cash and cash equivalents and securities	155,875	567,493	1,583,533	1,814,240

The Company has a policy that stipulates that investment must be concentrated in low-risk securities and investment at prime financial institutions. As at September 30, 2022, the operations were compensated based on percentages of the variation of the Interbank Deposit Certificate (CDI), with the exception of government bonds, which are indexed to the Selic rate and fixed rates.

As at September 30, 2022, and December 31, 2021, all of the Company's securities were classified as "fair value through profit or loss."

Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LFs (Financial Bills), government bonds, and repurchase agreements with prime banks and issuers. The average compensation of the investment funds as at September 30, 2022, was 106.04% of the CDI rate with an average yield in 2022 of 107.26% of the CDI rate (the average annual yield on December 31, 2021, was 107.33% of the CDI rate).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 102.19% as of September 30, 2022 (98.89% as of December 31, 2021).

4 Trade receivables

	Consolidated	
	September 30, 2022	December 31, 2021
Monthly tuition fees received from students	1,390,590	1,422,254
FIES (a)	121,487	108,429
Partnership agreements and exchange deals	37,599	23,782
Credit cards receivable (b)	178,040	130,991
Receivable agreements	209,921	144,171
	<u>1,937,637</u>	<u>1,829,627</u>
Impairment Loss on Trade Receivables (PCLD)	(629,985)	(559,243)
Unidentified amounts	(4,979)	(9,203)
(-) Adjustment to present value (c)	<u>(42,407)</u>	<u>(29,803)</u>
	<u>1,260,266</u>	<u>1,231,378</u>
Current assets	1,049,105	957,746
Non-current assets	<u>211,161</u>	<u>273,632</u>
	<u>1,260,266</u>	<u>1,231,378</u>

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

FIES Risk:

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

- (i) For FIES students with a guarantor, provision was made for 2.25% of the income with characteristic, considering the assumptions of 15% of credit risk exposure over an estimated default rate of 15%.
- (ii) For the uncovered FGEDUC risk, contracted as of April 2012, provision was made for 10% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 90%), assuming 15% to this credit risk exposure for an estimated default rate of 15%, i.e., 0.225%.

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(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% to this credit risk exposure for an estimated default rate of 15%, i.e., 0.45%.

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

(c) As at September 30, 2022, the adjustment to present value amounted to BRL 42,407 (BRL 8,371 related to PAR, BRL 30,049 to DIS, and BRL 3,987 to the Athenas Financing System), and, as at December 31, 2021, BRL 29,803 (BRL 10,817 related to PAR, BRL 15,808 to DIS, and BRL 3,178 to the Athenas Financing System).

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

	Consolidated	
	September 30, 2022	December 31, 2021
2022		77,874
2023	94,053	182,042
2024 to 2027	260,576	150,417
(-) Adjustment to present value (c)	(42,407)	(29,802)
(-) Impairment loss on trade receivables	(101,061)	(106,899)
Non-current assets	<u>211,161</u>	<u>273,632</u>

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2022	%	December 31, 2021	%
FIES	121,487	6	108,429	6
To become due	926,535	47	754,610	41
Overdue up to 30 days	149,916	8	210,484	12
Overdue for 31 to 60 days	112,866	6	117,009	6
Overdue for 61 to 90 days	10,192	1	106,888	6
Overdue for 91 to 179 days	271,046	14	181,073	10
Overdue for 180 to 360 days	345,595	18	351,134	19
	<u>1,937,637</u>	<u>100</u>	<u>1,829,627</u>	<u>100</u>

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2022	%	December 31, 2021	%
To become due	111,974	53	53,898	37
Overdue up to 30 days	18,186	9	12,628	9
Overdue for 31 to 60 days	11,067	6	12,978	9
Overdue for 61 to 90 days	6,727	3	12,845	9
Overdue for 91 to 179 days	22,601	10	21,359	15
Overdue for 180 to 360 days	39,366	19	30,463	21
	<u>209,921</u>	<u>100</u>	<u>144,171</u>	<u>100</u>

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

Balance as at December 31, 2020	694,604
Constitution	513,912
Write-off of bills / checks overdue for more than 360 days	(649,273)
Balance as at December 31, 2021	559,243
Constitution	423,608
Constitution by acquisition	1,534
Write-off of bills (Acquired companies)	(2,289)
Write-off of bills / checks overdue for more than 360 days	(352,111)
Balance as at September 30, 2022	629,985

5 Related parties

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

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

	Parent company	
	September 30, 2022	December 31, 2021
Current assets		
YDUQS Educacional	24	
SESES	115	81
IREP	18	18
Ribeirão Preto	6	14
Other	20	27
	<u>183</u>	<u>140</u>
Current liabilities		
YDUQS Educacional	5	
SESES	87	190
	<u>92</u>	<u>190</u>

6 Prepaid expenses

	Consolidated	
	September 30, 2022	December 31, 2021
Insurance	7,157	8,169
IPTU (Urban Real Estate Property Tax)	5,097	118
Advance of vacations and charges	6,375	3,468
Registration fee - MEC	3,304	3,630
Technical-pedagogical cooperation Santa Casa	739	1,056
Digital platform	2,112	
Other prepaid expenses	277	1,743
	<u>25,061</u>	<u>18,184</u>
Current assets	18,399	10,140
Non-current assets	6,662	8,044
	<u>25,061</u>	<u>18,184</u>

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In the parent company, the amount of BRL 477 in the period that ended September 30, 2022, related to non-life insurance policies (BRL 643 related to non-life insurance policies as of December 31, 2021).

7 Taxes and contributions recoverable

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
IRRF (i)	28,757	62,183	50,295	78,634
IRPJ/CSLL Prepayments	27		9,503	34,775
IRPJ/CSLL to be Offset	69,723	26,263	150,494	74,299
Social Integration Program (PIS) and Social Security Financing Contribution (COFINS)			26,802	4,424
Tax on Services (ISS)			86,150	79,122
Brazilian Institute of Social Security (INSS)			20,970	20,972
OTHER			500	500
	<u>98,507</u>	<u>88,446</u>	<u>344,714</u>	<u>292,726</u>
Current assets	57,295	66,182	196,853	163,664
Non-current assets	<u>41,212</u>	<u>22,264</u>	<u>147,861</u>	<u>129,062</u>
	<u>98,507</u>	<u>88,446</u>	<u>344,714</u>	<u>292,726</u>

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

8 Investments in subsidiaries

(a) Parent company Yduqs Participações S.A.

	September 30, 2022		December 31, 2021	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	4,371,058		4,262,642	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,386,085		1,362,904	
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	414,858		320,329	
Other subsidiaries (i)	<u>3,270</u>	<u>(30)</u>	<u>2,632</u>	<u>(30)</u>
	<u>6,175,271</u>	<u>(30)</u>	<u>5,948,507</u>	<u>(30)</u>

The subsidiaries' information is presented below:

	September 30, 2022							
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Income tax on goodwill from downstream merger	Net profit (loss) for the period
SESES	100%	3,338,747	5,568,112	1,141,137	4,371,058			320,450
IREP	100%	849,492	1,904,654	581,011	1,323,643	62,442		22,676
NACP	100%	19,464	946	(2,324)	3,270			(544)
EnsineMe (i)	100%	251	32	67	(35)	5		(30)
Estácio Ribeirão Preto	100%	46,467	521,537	104,449	417,088		(2,230)	98,243
			<u>7,995,281</u>	<u>1,824,340</u>	<u>6,115,024</u>	<u>62,447</u>	<u>(2,230)</u>	<u>440,825</u>

YDUQS Participações S.A.

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December 31, 2021

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

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

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

Investments in subsidiaries as at December 31, 2020	5,338,152
Equity accounting method	424,947
Dividends (Interest on equity) (i)	(154,700)
Advance for future capital increase	177,208
Capital increase	131,495
Granted options	134
Restricted shares plan	31,271
Investments in subsidiaries as at December 31, 2021	<u>5,948,507</u>
Equity accounting method	440,825
Dividends (Interest on equity) (i)	(155,000)
Advance for future capital increase	37,053
Capital increase (i)	131,750
Extraordinary Dividends	(183,639)
Equity Valuation Adjustment	(55,917)
Granted options	26
Restricted shares plan	11,666
Investment in subsidiaries as at September 30, 2022	<u>6,175,271</u>

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

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

We present below the information on direct subsidiaries' investments:

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

Information about the investment in subsidiaries:

	September 30, 2022	December 31, 2021
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	104,199	104,986
YDUQS Participações 2 ("ADTALEM")		2,209,573
YDUQS EDUCACIONAL LTDA ("UNIFANOR")	2,311,271	
DAMÁSIO EDUCACIONAL LTDA ("DAMÁSIO")	408,710	
	<u>2,824,180</u>	<u>2,314,559</u>

We present below the information on SESES' subsidiaries:

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September 30, 2022

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income for the period
UNITOLEDO	100%	3,460	48,004	38,516	9,488	94,711	104,199	(788)
UNIFANOR	100%	129,717	2,027,051	193,745	1,833,306	477,965	2,311,271	87,095
DAMÁSIO	100%	322,510	435,929	131,768	304,161	104,549	408,710	(10,869)
			<u>2,510,984</u>	<u>364,029</u>	<u>2,146,955</u>	<u>677,225</u>	<u>2,824,180</u>	<u>75,438</u>

December 31, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal 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
			<u>2,177,429</u>	<u>39,724</u>	<u>2,137,705</u>	<u>176,854</u>	<u>2,314,559</u>	<u>68,630</u>

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

Investments in subsidiaries as at December 31, 2020	2,226,782
Equity accounting method	68,630
Advance for future capital increase	16,830
Granted options	2,625
Goodwill on the acquisition	(308)
Investments in subsidiaries as at December 31, 2021	<u>2,314,559</u>
Equity accounting method	75,438
Capital increase	54,580
Granted options	910
Extraordinary Dividends	(65,950)
Restricted shares plan	(262)
Goodwill by merger (i)	582,514
Write off of the goodwill by merger	(82,143)
Equity valuation adjustment	(55,917)
Other merger	451
Investment in subsidiaries as at September 30, 2022	<u>2,824,180</u>

(i) Regarding mergers carried out on January 1st, 2022. For more details see note 1.1.

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

Information about the investment in subsidiaries:

	September 30, 2022	December 31, 2021
Sociedade Educacional Atual da Amazônia ("ATUAL")	634,519	613,548
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	74,405	71,781
União Educacional Meta Ltda ("UNIÃO META")	47,958	48,025
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	73,981	64,824
Other subsidiaries (i)	<u>244,097</u>	<u>227,637</u>
	<u>1,074,960</u>	<u>1,025,815</u>

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

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We present below the information on IREP's subsidiaries:

September 30, 2022							
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net income (loss) for the period
ATUAL	100%	46,501	655,785	36,769	619,016	15,503	5,668
UNIJIPA	100%	21,508	45,476	26,007	19,469	54,936	2,582
UNIÃO META	100%	27,173	64,276	49,560	14,716	33,242	(66)
CENTRO PANTANAL	100%	12,661	42,508	20,267	22,241	51,740	9,159
Other subsidiaries	100%	218,670	301,089	74,283	226,806	17,291	13,677
			<u>1,109,134</u>	<u>206,886</u>	<u>902,248</u>	<u>172,712</u>	<u>31,020</u>
December 31, 2021							
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Net income (loss) for the fiscal year
ATUAL	100%	442,932	635,861	37,816	598,045	15,503	(4,859)
UNIJIPA	100%	21,468	43,434	26,589	16,845	54,936	2,044
UNIÃO META	100%	27,173	62,503	47,720	14,783	33,242	(1,026)
CENTRO PANTANAL	100%	12,661	33,614	20,530	13,084	51,740	5,448
Other subsidiaries	100%	56,042	291,714	89,444	202,270	25,367	(1,503)
			<u>1,067,126</u>	<u>222,099</u>	<u>845,027</u>	<u>180,788</u>	<u>104</u>

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

Investments in subsidiaries as at December 31, 2020	824,446
Equity accounting method	104
Advance for future capital increase	201,265
Investments in subsidiaries as at December 31, 2021	<u>1,025,815</u>
Equity accounting method	31,020
Capital increase	207,878
Write-off upon merger	(5,919)
Advance for future capital increase	(183,843)
Granted options	<u>9</u>
Investment in subsidiaries as at September 30, 2022	<u>1,074,960</u>

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

Information about the investment in subsidiaries:

	September 30, 2022	December 31, 2021
Sociedade Educacional da Amazônia ("SEAMA")	62,451	66,414
União Lúis Educacional S.A ("SÃO LUIS")	89,778	89,210
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	44,384	40,401
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	48,905	49,581
Instituto de Estudos Superiores da Amazônia ("IESAM")	112,511	111,811
Centro de Ensino Unificado de Teresina ("CEUT")	57,094	60,160
Faculdade Nossa Cidade ("FNC")	79,386	85,090
Faculdades Integradas de Castanhal Ltda. ("FCAT")	45,042	47,879
Other subsidiaries	<u>25,891</u>	<u>30,305</u>
	<u>565,442</u>	<u>580,851</u>

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We present below the information on ATUAL's subsidiaries:

								September 30, 2022
	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Goodwill	Net income (loss) for the period
SEAMA	100%	4,407	60,996	16,580	44,416	18,035		4,208
SÃO LUIS	100%	3,819	98,709	36,299	62,410	27,368		4,823
FACITEC	100%	8,951	64,430	46,700	17,730	26,654		3,823
Estácio Amazonas	100%	48,797	61,497	38,806	22,691	26,214		(678)
IESAM	100%	14,980	85,577	11,262	74,315	26,797	11,399	9,870
CEUT	100%	16,938	44,240	14,714	29,526	27,568		714
FNC	100%	23,837	35,803	28,463	7,340	72,046		(5,704)
FCAT	100%	12,191	55,287	30,366	24,921	20,121		403
Other subsidiaries (i)	100%	30,880	50,395	43,537	6,858	19,033		(3,592)
			<u>556,934</u>	<u>266,727</u>	<u>290,207</u>	<u>263,836</u>	<u>11,399</u>	<u>13,867</u>

(i) Refer to FARGS, ASSESC, and FUFUS.

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

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

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

Investments in subsidiaries as at December 31, 2020	573,436
Equity accounting method	(714)
Advance for future capital increase	8,350
Amortization of goodwill	(221)
Investments in subsidiaries as at December 31, 2021	<u>580,851</u>
Equity accounting method	13,867
Advance for future capital increase	(3,205)
Capital increase	5,675
Extraordinary Dividends	(28,453)
Amortization of goodwill	(165)
Write-off upon merger (i)	(3,135)
Granted options	<u>7</u>
Investment in subsidiaries as at September 30, 2022	<u>565,442</u>

(i) Regarding mergers carried out on January 1st, 2022. For more details see note 1.1.

YDUQS Participações S.A.
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(e) Subsidiary YDUQS Participações 2 Ltda ("ADTALEM")

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

Information about the investment in subsidiaries:

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

We present below the information on ADTALEM's subsidiaries:

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

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

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

(f) Subsidiary YDUQS Educacional Ltda ("UNIFANOR")**Information about the investment in subsidiaries:**

	September 30, 2022	December 31, 2021
Instituto de Ensino Superior da Amazonia Ltda ("FMF")	68,245	68,820
Sociedade Educacional Ideal Ltda ("FACI")	122,340	121,889
IBMEC Educacional Ltda ("IBMEC")	639,260	619,626
A. Região Tocantina de Educação e Cultura Ltda ("FACIMP")	60,751	60,749
ABEP – Academia Baiana de Ensino Pesquisa e Extensão Ltda ("RUY BARBOSA")		56,749
Sociedade de Educação do Vale do Ipojuca Ltda ("UNIFAVIP")	<u>227,817</u>	<u>227,553</u>
	<u>1,118,413</u>	<u>1,155,386</u>

We present below the information on UNIFANOR's subsidiaries:

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September 30, 2022

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
FMF	100%	31,065	58,061	14,181	43,880	24,365	68,245	(575)
FACI	100%	41,127	98,151	(21,417)	119,568	2,772	122,340	5,956
IBMEC	100%	93,354	547,271	308,669	238,602	400,658	639,260	21,305
FACIMP	100%	5,810	81,721	35,166	46,555	14,196	60,751	8,711
UNIFAVIP	100%	12,000	199,475	7,632	191,843	35,974	227,817	32,928
			<u>984,679</u>	<u>344,231</u>	<u>640,448</u>	<u>477,965</u>	<u>1,118,413</u>	<u>68,325</u>

December 31, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
FMF	100%	31,065	60,837	16,382	44,455	24,365	68,820	(491)
FACI	100%	41,127	97,708	(21,409)	119,117	2,772	121,889	5,506
IBMEC	100%	85,201	387,789	168,821	218,968	400,658	619,626	17,074
FACIMP	100%	5,310	80,481	33,928	46,553	14,196	60,749	9,209
RUY BARBOSA	100%	5,753	41,494	(15,255)	56,749		56,749	(5,064)
UNIFAVIP	100%	12,000	200,548	8,969	191,579	35,974	227,553	32,666
			<u>868,857</u>	<u>191,436</u>	<u>677,421</u>	<u>477,965</u>	<u>1,155,386</u>	<u>58,900</u>

Investments in subsidiaries as at December 31, 2020	1,114,318
Equity accounting method	58,900
Advance for future capital increase	(333)
Equity valuation adjustment (i)	(17,472)
Restricted shares plan	(27)

Investments in subsidiaries as at December 31, 2021	1,155,386
Equity accounting method	68,325
Dividends (Interest on equity)	(10,891)
Extraordinary Dividends	(47,381)
Capital increase	9,757
Restricted shares plan	(111)
Granted options	76
Write-off upon Merger	(56,748)

Investment in subsidiaries as at September 30, 2022	<u>1,118,413</u>
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- (i) Equity valuation adjustment between the parent company Unifanor and the subsidiary IBMEC, with no effect for income purposes.

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9 Intangible Assets**(a) Intangible Assets – Parent company**

		December 31, 2021				September 30, 2022
		Cost	Additions	Write-offs	Transfer	Cost
Cost						
Goodwill on investment acquisitions		780,065				780,065
Software right of use		99		(9)		90
Goodwill		79,704				79,704
Other		212				212
		<u>860,080</u>		<u>(9)</u>		<u>860,071</u>
	Amortization rates	Amortization	Additions	Write-offs	Transfer	Amortization
Amortization						
Software right of use	20% p.a.	(99)		9		(90)
Goodwill	20 to 33% p.a.	(79,704)				(79,704)
Other	20% p.a.	(212)				(212)
Total		<u>(80,015)</u>		<u>9</u>		<u>(80,006)</u>
Net residual balance		<u>780,065</u>				<u>780,065</u>

		December 31, 2020				September 30, 2021
		Cost	Additions	Transfer		Cost
Cost						
Goodwill on investment acquisitions (i)		780,065				780,065
Software right of use		99				99
Integration Project		212				212
Goodwill		79,704				79,704
		<u>860,080</u>				<u>860,080</u>
	Amortization rates	Amortization	Additions	Transfer		Amortization
Amortization						
Software right of use	20% p.a.	(99)				(99)
Integration Project	20% p.a.	(181)	(23)			(204)
Goodwill	20 to 33% p.a.	(79,704)				(79,704)
Total		<u>(79,984)</u>	<u>(23)</u>			<u>(80,007)</u>
Net residual balance		<u>780,096</u>	<u>(23)</u>			<u>780,073</u>

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(b) Intangibles Assets - Consolidated

	December 31, 2021						September 30, 2022
		Additions by					
Cost	Cost	acquisitions	Additions	Write-offs	Transf.	Reclass.	Cost
Goodwill on investment acquisitions	2,346,604		29,845				2,376,449
Software right of use	927,515		173,299	(68,730)	4,153		1,036,237
DL and Integration	18,360				1,764		20,124
Learning Center	126,827		2,751				129,578
IT Architecture	21,664						21,664
Online class material	8,043						8,043
Knowledge factory DL	79,810		20,849				100,659
Questions database	13,886						13,886
Brand	512,868		13,926				526,794
Customer portfolio	178,744						178,744
Other	344,396		47,736		(5,917)		386,215
	4,578,717		288,406	(68,730)			4,798,393

	Amortization rates	Amortization	Additions by acquisitions	Additions	Write- offs	Transf.	Reclass.	Amortization
Amortization								
Goodwill on investment acquisitions	Indefinite	(6,924)						(6,924)
Software right of use	10 to 20% p.a.	(520,252)		(111,910)	68,730	(9)		(563,441)
DL and Integration	20% p.a.	(18,335)		(737)				(19,072)
Learning Center	10% p.a.	(68,517)		(8,641)				(77,158)
IT Architecture	17 to 20% p.a.	(21,165)		(374)				(21,539)
Online class material	20% p.a.	(7,942)		(43)				(7,985)
Knowledge factory DL	10% p.a.	(25,732)		(5,941)				(31,673)
Questions database	20% p.a.	(11,967)		(664)				(12,631)
Brand	2 to 33% p.a.	(87,082)		(16,772)				(103,854)
Customer portfolio	2 to 33% p.a.	(86,723)		(21,701)				(108,424)
Other	20 to 50% p.a.	(215,515)		(24,379)		9		(239,885)
		(1,070,154)		(191,162)	68,730			(1,192,586)
Net residual balance		3,508,563		97,244				3,605,807

	December 31, 2020					September 30, 2021	
	Cost	Addition Per Acquisition	Additions	Write- offs	Transf.	Reclass. of property, plant and equipment	Cost
Cost							
Goodwill on investment acquisitions	2,180,477		169,728				2,350,205
Software' right of use	650,949	147	154,388	(27)	18,671	(156)	823,972
DL and Integration	18,360						18,360
Learning Center	115,366		4,097		6,521		125,984
IT Architecture	21,664						21,664
Online class material	8,043						8,043
Knowledge factory DL	56,724		17,077		739		74,540
Questions Database	13,886						13,886
Brand	484,924		28,125				513,049
Customer portfolio	184,083			(1,002)			183,081
Other	291,103		60,013		(25,931)	622	325,807
	4,025,579	147	433,428	(1,029)		466	4,458,591

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	Amortization rates	Accumulated amortization	Addition Per Acquisition	Additions	Write-offs	Transf.	Reclass. of property, plant and equipment	Accumulated amortization
Amortization								
Goodwill on investment acquisitions	Indefinite	(6,924)						(6,924)
Software' right of use	10 to 20% p.a.	(396,651)	(59)	(82,108)			2	(478,816)
DL and Integration	20% p.a.	(18,210)		(100)				(18,310)
Learning Center	10% p.a.	(56,317)		(9,175)				(65,492)
IT Architecture	17 to 20% p.a.	(20,065)		(825)				(20,890)
Online class material	20% p.a.	(7,783)		(121)				(7,904)
Knowledge factory DL	10% p.a.	(18,984)		(4,907)				(23,891)
Questions Database	20% p.a.	(10,484)		(1,192)				(11,676)
Brand	2 to 33% p.a.	(65,683)		(15,812)				(81,495)
Customer portfolio	2 to 33% p.a.	(53,188)		(28,343)				(81,531)
Other	20 to 20% p.a.	(184,751)		(22,189)				(206,942)
		(839,040)	(59)	(164,772)			2	(1,003,869)
Net residual balance		3,186,539	88	267,656	(1.029)		468	3,454,722

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Goodwill on acquisitions of investments net of accumulated amortization:				
ADTALEM			792,370	762,515
ATHENAS			307,897	307,897
UNITOLEDO			94,711	94,711
IREP			89,090	89,090
ATUAL			15,503	15,503
Seama			18,035	18,035
Idez			2,047	2,047
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
lesam			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
EnsineMe			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	770,694	770,694	770,694	770,694
	780,065	780,065	2,369,525	2,339,680

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

	December 31, 2021						September 30, 2022
	Cost	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Cost
Cost							
Land	68,235						68,235
Buildings	355,885		500	(12)	21,337	(11,569)	366,141
Third-party buildings	1,919,696	171	333,713	(58,167)			2,195,413
Improvement works in third parties' real estate properties	686,491	353	13,429	(17,874)	62,705	11,569	756,673
Furniture and fixtures	213,910	34	12,275	(803)	(110)	3	225,309
Computers and peripherals	247,851	40	5,888	(1,927)	(931)	(3)	250,918
Machinery and equipment	214,544		11,778	(341)	(296)	9	225,694
Physical activity equipment	129,267	24	9,103	(47)	165	(9)	138,503
Library	213,636		434				214,070
Facilities	86,931	114	2,312	(3,584)	(114)		85,659
Constructions in progress	63,978		41,256		(83,967)		21,267
Assets retirement	77,065			(10,664)			66,401
Other	25,013		1,391	(655)	(48)		25,701
	4,302,502	736	432,079	(94,074)	(1,259)		4,639,984

	Depreciation rates	Depreciation	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(89,908)		(4,776)				(94,684)
Third-party buildings	21.60% p.a.	(635,366)	(9)	(199,345)	38,315	-		(796,405)
Improvement works in third parties' real estate properties		(355,495)	(13)	(57,318)	17,731	(23)		(395,118)
Furniture and fixtures	4 to 11.11% p.a.							
Furniture and fixtures	8.33 to 10% p.a.	(122,081)	(3)	(14,224)	626	141		(135,541)
Computers and peripherals	20 to 25% p.a.	(191,281)	(7)	(19,667)	1,799	932		(208,224)
Machinery and equipment	8.33 to 10% p.a.	(107,381)		(14,045)	299	107		(121,020)
Physical activity equipment	6.67% p.a.	(44,400)	(1)	(6,434)	19	31		(50,785)
Library	5 to 10% p.a.	(124,656)		(6,059)	-	-		(130,715)
Facilities	8.33 to 20% p.a.	(45,777)	(22)	(8,098)	3,584	23		(50,290)
Assets retirement		(35,176)		(3,049)	1,029	-		(37,196)
Other	14.44 to 20% p.a.	(16,013)		(2,109)	520	48		(17,554)
								(2,037,532)
		(1,767,534)	(55)	(335,124)	63,922	1,259		

Net residual balance	2,534,968	681	96,955	(30,152)	-		2,602,452
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In the parent company, the residual amount of BRL 1 in the period ended September 30, 2022, relates to computers and peripherals (BRL 2 in the fiscal year ended December 31, 2021).

	December 31, 2020					September 30, 2021
	Cost	Addition	Write-offs	Transf.	Reclass.	Cost
Cost						
Land	68,235					68,235
Buildings	349,601	1,384		862	235	352,383
Third-party buildings	1,677,964	314,843	(56,194)			1,936,613
Improvement works in third parties' real estate properties	594,863	30,694	(5,064)	58,340	6,790	685,623
Furniture and fixtures	207,299	13,771	(1,217)	(8,961)	36	211,061
Computers and peripherals	259,175	10,028	(8,044)	(9,754)	1,762	253,844
Machinery and equipment	176,730	16,960	(2,545)	18,299	(221)	209,291
Physical activity/hospital equipment	111,552	10,217	1,451	(60)	(1,129)	122,031
Library	211,715	1,608	(141)			213,182
Facilities	83,125	2,159	(323)	47	2	85,010
Constructions in progress	61,452	41,559	(479)	(59,143)	(7,944)	35,445
Assets retirement	82,677		(17,406)			65,271
Other	23,627	1,055	(11)	243	3	24,917
	3,908,015	444,278	(89,973)	(127)	(466)	4,262,906

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	Depreciation rates	Depreciation	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation							
Buildings	1.67% p.a.	(134,616)	(4,590)		46,768	4,143	(88,362)
Third-party buildings	21.60% p.a.	(441,625)	(194,659)	20,925			(615,359)
Improvement works in third parties' real estate properties	11.11% p.a.	(238,354)	(71,147)	3,442	(46,767)	(4,143)	(356,969)
Furniture and fixtures	8.33% p.a.	(114,848)	(12,606)	1,164	8,529		(117,830)
Computers and peripherals	25% p.a.	(196,514)	(19,520)	8,036	9,878	(3,187)	(201,677)
Machinery and equipment	8.33% p.a.	(79,202)	(11,778)	2,513	(18,347)	3,185	(103,656)
Physical activity/hospital equipment	6.67% p.a.	(36,837)	(4,235)	(1,462)	95		(42,439)
Library	5% p.a.	(116,718)	(6,021)	109			(122,630)
Facilities	8.33% p.a.	(38,293)	(6,354)	279			(44,368)
Assets retirement		(46,590)	(7,094)	17,172	2		(36,510)
Other	14.44% p.a.	(13,374)	(1,950)	8	(31)		(15,347)
		(1,456,971)	(339,954)	52,186	127	(2)	(1,745,147)
Net residual balance		2,451,044	104,324	(37,787)		(468)	2,517,759

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 and the ownership of the assets does not belong to the Group. All the Group's leases are recognized at the transaction's net present value.

11 Loans and financing

Type	Financial charges	Parent company/Consolidated September 30, 2022	December 31, 2021
In local currency			
Debentures			
5th debenture issuance (1st Series)	CDI + 0.585% p.a.		256,805
5th debenture issuance (2nd Series)	CDI + 0.785% p.a.	355,965	359,400
6th debenture issuance	CDI + 2.50% p.a.	1,874,831	1,863,086
7th debenture issuance	CDI + 1.65% p.a.	314,186	301,778
8th debenture issuance	CDI + 1.5% p.a.	498,626	
		3,043,608	2,781,069
Loans and financing			
Safra Loan	CDI +2.18% p.a.	216,518	201,168
FINEP Loan	TJLP + 0.6% p.a.	1,420	1,869
Itaú CCB Loan	CDI +2.70% p.a.	161,313	153,363
Bradesco CCB Loan	CDI +2.70% p.a.		368,662
Banco do Brasil CCB Loan	CDI +1.85% p.a.		100,675
		379,251	825,737
In foreign currency			
	1.18*(SOFRUSD + 1.09%) and Libor +1.46% and +0,64 p.a		
Citibank Loan		699,114	455,388
		4,121,973	4,062,194
Current liabilities		424,767	972,835
Non-current liabilities		3,697,206	3,089,359
		4,121,973	4,062,194

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Changes in loans and debentures presented below comprise the periods ended September 30, 2022, and September 30, 2021.

	Parent company/Consolidated	
	September 30, 2022	September 30, 2021
Initial Balance	4,062,194	3,503,750
Fundraising	733,156	1,886,080
Interest, monetary variation	406,575	154,564
Foreign exchange variance (Swap)	3,149	(130,777)
Interest paid	(369,856)	(146,121)
Principal amortization	(710,441)	(1,545,318)
Loan funding costs	(2,804)	(13,309)
Final Balance	4,121,973	3,708,869

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

	Parent company/Consolidated	
	September 30, 2022	December 31, 2021
2023	446,840	770,039
2024	705,290	272,695
2025	1,021,679	1,022,248
As of 2026	1,523,397	1,024,377
Non-current liabilities	3,697,206	3,089,359

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

The amounts of the Group loans are mainly in Brazilian reais, only two are in USD (US dollars).

In 2022:

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

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

- March: The Company concluded the renegotiation of the CCB with Banco Safra in the principal amount of BRL 200 million, which would mature on September 13, 2022. The new transaction started on the same date, with single amortization on May 29, 2024, with annual interest payment, at CDI + spread costs.
- September: The Company completed the 8th debenture issuance in the total amount of BRL 500.000, due on September 23, 2027, in a single series, at a cost of 100% of the CDI + 1.50% p.a., with the first principal amortization on September 23, 2026, in the amount of BRL 200,000, and the second principal amortization on September 23, 2027, in the amount of BRL 300,000.

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

In 2021:

- January: The Company decided with Citibank to roll the 2nd loan of line 4131 for a total of USD 40 million (converted to BRL 210,000 according to the quote equivalent to the date) with a single principal amortization on January 19, 2022, at the cost of Libor + 1.46% p.a.
- February: the Company fully settled the first series of the third issuance of Promissory Notes to Banco Itaú in the amount of BRL 364,977. Also, the Company fully settled two CCBs contracted with Santander bank in the amount of BRL 100,438 and BRL 506,706. And the 1st financing number 4131 with Citibank was BRL 545,179.

The Company completed the 6th debenture issuance in the total amount of BRL 1,850,000 due on February 19, 2026, in a single series, at a cost of 100% of the CDI + 2.50% p.a., with the first principal amortization on February 19, 2025, in the amount of BRL 925,000, and the second principal amortization on February 19, 2026, in the amount of BRL 925,000.

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

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

The Company completed the 7th 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 November 29, 2024, in the amount of BRL 100,000, the second principal amortization on November 28, 2025, in the amount of BRL 100,000, and the third principal amortization on November 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 at September 30, 2022, and in December 2021, the Company reached all the indexes required contractually.

12 Lease liabilities and assets

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

The terms of the leases are according to the contractual term, demonstrated below, so that Transactions include, the additional rate, in nominal terms, for the terms of agreements:

Agreements	DI X Pre Curve	Risk Premium	YDUQS Rate	Monthly Rate
0 to 5 years	11.57%	105.00%	12.15%	1.01%
5 to 10 years	11.74%	105.00%	12.33%	0.97%
10 to 15 years	11.89%	105.00%	12.48%	0.99%
15 to 30 years	11.93%	105.00%	12.53%	0.99%

Lease agreements are secured by the underlying assets.

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	September 30, 2022	Consolidated December 31, 2021
Leases payable	2,365,892	2,123,400
Lease interest	(764,408)	(678,519)
	<u>1,601,484</u>	<u>1,444,881</u>
Current liabilities	236,212	221,562
Non-current liabilities	<u>1,365,272</u>	<u>1,223,319</u>
	<u>1,601,484</u>	<u>1,444,881</u>

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

Changes in leasing assets and liabilities in the period:

Right-of-use assets

	Buildings from third parties	Other	Consolidated Total
Right of use assets on 12/31/2021	1,284,329	12,652	1,296,981
Additions	333,713	6,400	340,113
Additions by acquisitions	162		162
Write-offs	(19,852)	(140)	(19,992)
Depreciation	<u>(199,344)</u>	<u>(7,484)</u>	<u>(206,828)</u>
Right of use assets on 09/30/2022	<u>1,399,008</u>	<u>11,428</u>	<u>1,410,436</u>

Right-of-use assets

	Buildings from third parties	Other	Consolidated Total
Right of use assets on 12/31/2020	1,236,339	17,319	1,253,658
Additions	314,843	3,012	317,855
Write-offs	(35,269)	(77)	(35,346)
Depreciation	<u>(194,659)</u>	<u>(5,995)</u>	<u>(200,654)</u>
Right of use assets on 09/30/2021	<u>1,321,254</u>	<u>14,259</u>	<u>1,335,513</u>

Lease liability

	Buildings from third parties	Other	Consolidated Total
Right of use liabilities on 12/31/2021	1,432,270	12,611	1,444,881
Additions	333,999	6,364	340,363
Additions by acquisitions	162		162
Write-offs	(26,638)	(108)	(26,746)
Interest incurred	109,526	583	110,109
Payment of principal	<u>(259,556)</u>	<u>(7,729)</u>	<u>(267,285)</u>
Right of use liabilities on 09/30/2022	<u>1,589,763</u>	<u>11,721</u>	<u>1,601,484</u>
Current	(230,417)	(5,795)	(236,212)
Non-current	<u>(1,359,346)</u>	<u>(5,926)</u>	<u>(1,365,272)</u>
Lease liability	<u>(1,589,763)</u>	<u>(11,721)</u>	<u>(1,601,484)</u>

Lease liability

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	Consolidated		
	Buildings from third parties	Other	Total
Right of use liabilities on 12/31/2020	1,333,325	17,999	1,351,324
Additions	314,844	3,013	317,857
Write-offs	(38,083)	(505)	(38,588)
Interest incurred	92,902	361	93,263
Payment of principal	(256,435)	(6,757)	(263,192)
Right of use liabilities on 09/30/2021	1,446,553	14,111	1,460,664
Current	199,593	7,251	206,844
Non-current	1,246,960	6,860	1,253,820

13 Payroll and social charges

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Salaries, indemnity amounts, and social charges payable	296	741	105,131	146,218
Provision for vacation			69,409	59,913
Provision for 13 th salary			64,757	
	296	741	239,297	206,131

14 Tax obligations

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
ISS payable	31	28	33,056	30,194
IRRF payable	166	312	23,333	49,176
IRPJ(Corporate Income TAX) e CSLL(Social Contribution on Net Income) payable			7,505	6,538
PIS and COFINS payable	2,463	14,554	7,313	19,554
IOF (Tax of Financial Transactions) payable			1	92
	2,660	14,894	71,208	105,554

15 Tax payment in installments

	Consolidated	
	September 30, 2022	December 31, 2021
INSS (Brazilian Institute of Social Security)	5,886	6,997
PIS (Social Integration Program) and COFINS(Social Security Financing Contribution)S)	4,441	4,940
IRPJ and CSLL	893	1,147
FGTS (Government Severance Indemnity Fund for Employees)	962	962
Other	466	461
	12,648	14,507
Current liabilities	4,455	4,407
Non-current liabilities	8,193	10,100

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

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

	Consolidated	
	September 30, 2022	December 31, 2021
2023	1,191	3,735
2024	3,192	2,925
2025	1,595	1,473
2026 to 2029	2,215	1,967
	8,193	10,100

16 Acquisition price payable

	Consolidated	
	September 30, 2022	December 31, 2021
SÃO LUIS		10,391
CEUT	3,533	3,085
FARGS	4,247	
UNITOLEDO	17,081	15,685
ADTALEM	16,034	25,963
ATHENAS GRUPO EDUCACIONAL	46,734	58,821
QCONCURSOS	27,222	31,326
WEMED ("HARDWORK")	6,629	
	121,480	145,271
Acquisition of real estate property (i)	1,041	959
	122,521	146,230
Current liabilities	79,438	49,096
Non-current liabilities	43,083	97,134
	122,521	146,230

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

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

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

	Consolidated	
	September 30, 2022	December 31, 2021
2023	14,637	64,619
2024 to 2026	28,446	32,515
	43,083	97,134

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17 Contingencies

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

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

	Consolidated			
	September 30, 2022		December 31, 2021	
	Contingencies	Legal deposits	Contingencies	Legal deposits
Civil	57,208	27,356	54,045	35,956
Labor	109,233	51,178	129,715	49,730
Tax	50,972	11,072	37,714	14,933
	217,413	89,606	221,474	100,619

In the period ended September 30, 2022, the amount of BRL 329 relates to the parent company's legal deposits (BRL 248 in the fiscal year of December 31, 2021).

The activity in the provision for contingencies is shown below:

	Civil	Labor	Tax	Total
Balances as at December 31, 2020	92,453	123,456	30,933	246,842
Additions	21,913	54,635	15,248	91,796
Reversals	(13,281)	(11,193)	(7,447)	(31,921)
Write-offs for payouts	(61,157)	(57,900)	(6,278)	(125,335)
Adjustment for inflation	14,117	20,717	5,258	40,092
Balances as at December 31, 2021	54,045	129,715	37,714	221,474
Additions	38,537	46,935	10,967	96,439
Reversals	(21,586)	(19,976)	(3,252)	(44,814)
Write-offs for payouts	(23,676)	(61,537)	(361)	(85,574)
Adjustment for inflation	9,888	14,096	5,904	29,888
Balances as at September 30, 2022	<u>57,208</u>	<u>109,233</u>	<u>50,972</u>	<u>217,413</u>

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

	September 30, 2022	December 31, 2021
Income breakdown		
Additions	96,439	91,796
Reversals	(44,814)	(31,921)
Adjustment for inflation	29,888	40,092
Provision for contingencies	<u>81,513</u>	<u>99,967</u>
General and administrative expenses (Note 24)	(51,625)	(59,875)
Financial income (Note 26)	<u>(29,888)</u>	<u>(40,092)</u>
	<u>(81,513)</u>	<u>(99,967)</u>

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(a) Civil

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

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

Civil	Amounts
Success Fees	15,265
Undue Collection	12,776
Non-pecuniary / Pecuniary Damage	9,858
Real Estate	5,182
FIES	2,622
Issuance of Certificates of Completion/Diplomas and Graduation	2,075
Enrollment	2,045
Procon Fine	1,076
Monthly Fee	643
Course Accreditation and Cancellation	564
PROUNI	202
Internship	177
System Access	26
Others (i)	4,697
	57,208

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

(b) Labor

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

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

Subject	Amounts
Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period	42,179
Overtime + Elimination of Breaks During and Between Shifts	17,009
Employer's Social Security Payment	10,002
Deviation from Agreed Position and Pay Parity	6,475
Income tax / Interest and Adjustment for Inflation	6,303
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	5,775
Fees	5,554
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	5,238
Success Fees	4,053
Vacation Pay	2,624
Pain and Suffering / Pecuniary Damage / Moral Harassment	1,762
Others (i)	2,259
	109,233

(c) Tax

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

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

Subject	Amounts
Tax on Services (ISS)	30,542

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Success Fees	11,438
IPTU (Urban Real Estate Property Tax) / Jurisdiction / IPVA (Tax on Vehicles)	4,846
Social Security Contribution	2,288
PIS (Social Integration Program) / COFINS (Social Contribution on Billings)	1,541
Sewage Charges / Fees	296
Miscellaneous Fines	21
	50,972

(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	
	September 30, 2022	December 31, 2021
Civil	249,204	239,286
Labor	645,496	548,790
Tax	1,044,357	984,472
	1,939,057	1,772,548

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

Civil	Amounts
Real Estate	112,895
Non-pecuniary / Pecuniary Damage	54,472
Undue Collection	17,642
FIES	5,158
Monthly Fee	3,176
Enrollment	3,083
Issuance of Certificates of Completion/Diplomas and Graduation	2,955
Course Accreditation and Cancellation	2,699
Procon Fine	1,165
PROUNI	268
System Access	104
Internship	46
Others (i)	45,541
	249,204

(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	218,320
Reinstatement	162,665
Overtime + Elimination of Breaks During and Between Shifts	97,941
Fees	41,774
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	30,284
Pain and Suffering / Pecuniary Damage / Moral Harassment	25,289
Employer's Social Security Payment	13,436
Vacation Pay	13,139
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	12,423
Deviation from Agreed Position and Pay Parity	4,428
CTPS Rectification + Indirect Termination + Employment Relationship Recognition	2,332
Stability	675
Others (i)	22,790
	645,496

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

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Tax	Amounts
Tax on Services (ISS)	742,597
Social Security/ FGTS Contributions	261,157
IRPJ / CSLL / IRRF	22,223
IPTU (Urban Real Estate Property Tax) / Jurisdiction / IPVA (Tax on Vehicles)	8,393
PIS (Social Integration Program) / COFINS (Social Contribution on Billings)	2,593
Sewage Charges / Fees	1,609
Miscellaneous Fines	1,237
Other	4,548
	1,044,357

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

Labor:

- (i) Labor lawsuit filed by the Labor Prosecution Office, against Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), through which the following is discussed: (i) nullity of waivers occurring between November 2017 to December 2018; (ii) the reinstatement of workers dismissed in the period; (iii) declaration of unconstitutionality of Article 477-A, of the CLT; (iv) condemnation of the defendants in the obligation not to carry out new collective dismissals without prior collective bargaining; (v) application of a fine; (vi) individual and collective non-pecuniary damage. Claims were partially granted in the judgment to: (i) declare the unconstitutionality of Article 477-A, of the CLT; (ii) declare the nullity of the collective dismissal that occurred at the end of 2017; (iii) convict the company to individual and collective non-pecuniary damages. The request for reinstatement of professors dismissed in 2018 was dismissed. The TRT overruled the decision to rule out the unconstitutionality of Article 477-A, of the CLT. On the other hand, it increased the amount of the sentence to pay compensation to teachers, which decision was the subject of an appeal pending judgment in the TST. There is no calculation approved by the court, and it is not possible, on this date, to estimate any financial impact. Without prejudice, the amount involved in the action is BRL 155.98 million, and, for this reason, we consider the process relevant due to the amount and complexity of the matter. Our external advisors understand the chance of loss to be possible, due to the possibility of reassessment by the Superior Courts.

Tax:

Social security contributions:

- (i) Tax Foreclosures were distributed by the National Treasury against SESES, due to the divergence of understanding about the initial date of the rate escalation provided for in Article 13 of Law No. 11.096/05 ("PROUNI Law"), aiming at the judicial collection of debts related to alleged differences in the payment of social security contributions. (i) In the first, an appellate decision was rendered by the TRF of the 2nd Region, fully granting SESES' appeal, and as a statement was already presented by the Government indicating that will not appeal from such decision. In February 2022, the final and unappealable decision was certified. In June 2022, the legal deposit of BRL 5,341 was recovered. The Debits were canceled and the contingency was decreased. (ii) In the second, SESES's claims were partially granted, to recognize that the debt charged by the National Treasury was partially not due. The appeal filed by SESES is awaiting judgment, and this Enforcement is fully guaranteed by a guarantee insurance policy. Finally, (iii) in the third, after the presentation of a partially favorable expert report, the decision was fully granted in favor of the company, thus, in June 2022, the debt was excluded from the National Treasury system. Due to the final decision, we decreased the contingency. In view of the write-off of contingencies, the updated total amount in dispute is BRL 3,476
- (ii) Tax assessment notices were received against SESES for alleged non-performance of the principal tax liability for the period from February to December. The Company appealed requesting the cancellation of the tax assessment notices claiming that they were clearly groundless. The appeal was partially accepted and considered the percentage of the employer's contributions at the rate of 20% from the month in which the Company changed from a non-profit entity to a company. The National Treasury filed a Tax Foreclosure to collect the respective debt. SESES filed a Motion against the Tax Enforcement, the National Treasury filed its contestation and SESES submitted its reply. The expert analysis began and the judgment by the trial court is currently pending. The total amount in dispute is BRL 26,017.

ISS – Tax on services:

- (i) A Tax Foreclosure was received against Sociedade Tecnopolitana da Bahia Ltda. (STB), acquired by IREP in June 2010, due to the lack of payment of ISS during the period of 2007 to February 2011. The assessment resulted from due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. In June 2021, an order was issued summoning the parties to specify the evidence they intend to produce. In response, the company specified evidence, while the Municipality stated that it had no interest in the production. Judgment by the trial court is pending. The total amount in dispute is BRL 27,507.
- (ii) Action for Annulment filed by SESES against the Municipality of Vila Velha, aiming at canceling ISS debits, resulting from the accusation that they have been allegedly paid or retained in lower amounts in the period of 2006 and 2013. The defense is based on the following arguments (i) partial statute of limitation; (ii) material nullity; and (iii) errors in setting the ISS tax base since they were considered to correspond to scholarships awarded and enrollments canceled. At the moment, we are awaiting the completion of the expert evidence,

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the purpose of which is to prove item (iii). In February 2021, the expert evidence was completed in favor of SESES. After the summons of the parties, Estácio filed a statement agreeing with the expert report terms. The Municipality requested clarifications. The completion of the expert work is pending. The total amount involved is BRL 19,648.

- (iii) Tax Foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from July 2012 to November 2013, due to differences in the establishment of the tax basis (deductibility of scholarships from the tax base of ISS). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. After appointment of the accounting expert and appointment of the respective retained experts. The company is waiting for the expert's opinion. The total amount in dispute is BRL 16,279.
- (iv) Tax Foreclosure filed by the Municipality of São João de Meriti was received referring to alleged ISS credits for the calculation periods of 2011, 2012, 2013, and 2014, presumably due to the non-inclusion of amounts intended for unconditional discounts arising from scholarships in the tax base. Motion against the Tax Enforcement were filed with a request for recognition of the statutes of limitations of debts overdue up to March 2014 and the dissolution of the process due to the payment of debts that occurred before the registration in active debt. In May 2021, an order was issued certifying the absence of a manifestation by the Municipality and the case record was put under advisement. Judgment by the trial court is pending. The total amount in dispute is BRL 17,101.
- (v) Annulment Action proposed by SESES against the Municipality of Rio de Janeiro, which seeks to avoid the collection of ISS on higher education services in the period between January 2005 and January 2007, the period in which it was immune, as well as ISS on scholarships. Studies granted under PROUNI, in the period between February 2007 and July 2009, and collection of ISS due as a tax responsible, in the period from January 2005 to May 2009, arising from services provided by guard and surveillance companies and real estate property maintenance and cleaning companies. On June 29, 2021, an injunction was issued to suspend the enforceability of the tax credit, and, as a result, the objection was filed by the Municipality of Rio de Janeiro. After, SESES filed a reply and, after being notified, the parties specified the evidence and indicated the technical assistant that shall accompany the expert work. The start of the expert examination is awaited. The total amount in dispute is BRL 493,774.

18 Equity

(a) Share Capital

The share capital may be increased by the Board of Directors, regardless of the statutory reform, up to the limit of one billion shares. As of December 31, 2021, the share capital is 309,088,851 common shares.

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

Shareholders	Common shares			
	September 30, 2022	%	December 31, 2021	%
Managers and directors	1,173,929	0.4	1,118,561	0.4
Rose Fundo de Investimento	43,398,873	14.0	33,319,073	10.8
Vontobel			15,923,572	5.1
Schroder Investment Management	20,781,076	6.7	19,503,153	6.3
Zaher Family	23,577,065	7.6	23,219,500	7.5
Wellington Management	15,488,053	5.0	15,525,425	5.0
Treasury	18,896,806	6.1	6,976,267	2.3
Free float	185,773,049	60.1	193,503,300	62.6
	<u>309,088,851</u>	<u>100.0</u>	<u>309,088,851</u>	<u>100.0</u>

(b) Activity of capital shares

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

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(c) Treasury shares

On March 21, 2022, the Board of Directors approved the start of 6th program of repurchases, ending on December 21, 2023. Until this moment, the total number of shares repurchased is 12,274,100 common shares, equivalent to 59.87% of the total of shares planned for the program.

	<u>Number</u>	<u>Average cost</u>	<u>Balance</u>
Treasury shares on December 31, 2021	6,976,267	23.00	160,478
Stock buyback	12,274,100	16.35	200,653
SOP payment using treasury shares (Note 18 d.3)	(8,207)	20.96	(172)
	<u>19,242,160</u>	<u>18.76</u>	<u>360,959</u>

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

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

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

	<u>Parent company</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Tax reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on share subscription	<u>498,899</u>	<u>498,899</u>
	<u>595,464</u>	<u>595,464</u>

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

The goodwill on the share issuance is comprised as follows:

	<u>September 30, 2022</u>
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	<u>522,204</u>
Goodwill on share issuance	<u>498,899</u>

(d.2) Granting options

The Company recorded the capital reserve for stock options granted, as mentioned in Note 20. As required by the technical pronouncement, the fair value of the options was determined on the grant date and is being recognized over the vesting period up to this individual and consolidated quarterly financial statements date.

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

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

The negative goodwill on the sale of treasury shares is represented as follows as at September 30, 2022, and

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December 31, 2021:

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

(e) Retained earnings

(e.1) Legal reserve

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

(e.2) Retained earnings reserve

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

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

19 Financial instruments and sensitivity analysis of financial assets and liabilities

Market values of financial assets and liabilities were determined based on available market information and valuation methodologies appropriate for each situation. However, considerable judgment was necessary to 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 currency exchange market. The use of different market information and/or valuation methodologies may have a relevant effect on the amount of the market value.

The Company's assets and liabilities financial instruments as at September 30, 2022, are recorded in equity accounts in amounts compatible with those practiced in the market.

(a) Cash and cash equivalents and securities

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

(b) Loans and financing

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.

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(d) Derivative financial instruments

Although the derivative transaction is intended to protect the Company from fluctuations arising from its exposure to foreign exchange risk, it was decided not to adopt the hedge accounting methodology. Thus, the Swap transaction, on September 30, 2022, presented a negative fair value of BRL 27,555 as a corresponding entry to the results.

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

Swap Agreements	Principal Contracted (USD)	Principal Contracted	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Market Value (BRL M)		
							Assets	Liabilities	Gross income
Citibank	80,000,000	447,600,000	1.18*(SOFRUSD +1.09%)	CDI + 1.30%	Nov/29/21	Nov/29/23	432,858	453,392	20,534
Citibank	44,000,000	233,156,000	1.18*(SOFRUSD +0.90%)	CDI + 1.20%	Feb/02/22	Feb/29/24	238,702	238,776	74
						Total	671,560	692,168	20,608

(e) Other financial instruments, assets and liabilities

The estimated realizable values of the Group's financial assets and liabilities were determined based on information available in the market and appropriate valuation methodologies.

19.1 Fair value hierarchy

The table below presents the financial instruments recorded at fair value using the measurement method:

	Consolidated	
	September 30, 2022	December 31, 2021
Level 2		
Financial Instruments at fair value through profit or loss		
Financial investments	1,565,240	1,766,511
(-) Derivative financial instruments - Swap	(699,114)	(455,388)
	<u>866,126</u>	<u>1,311,123</u>

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

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

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

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

During the period that ended September 30, 2022, there were no transfers arising from fair value measurements between levels 1 and 2, not inside level 3.

19.2 Financial risk factors

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

(a) Credit risk

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

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

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

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

(b) Interest rate risk

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

(c) Exchange rate risk

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

(d) Liquidity risk

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

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

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

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	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
In 2022				
Suppliers	211,735			
Loans	906,872	1,512,717	3,130,379	
Financial lease obligations	236,212	271,418	441,756	1,497,333
Acquisition price payable	79,438	15,911	39,563	
In 2021				
Suppliers	183,525			
Loans	1,350,029	1,160,083	2,835,536	
Financial lease obligations	221,562	391,445	494,396	1,165,653
Acquisition price payable	49,096	21,398	87,718	

(e) Sensitivity analysis

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

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

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

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

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

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

With the purpose to verify the sensitivity of the index for the financial investments to which the Group was exposed on the base date of September 30, 2022, three different scenarios were defined. Based on the CDI rate officially published by CETIP on September 30, 2022 (13.65% p.a.), this rate was used as the probable scenario for the year. After that, rate variations of 25% and 50% were calculated for scenarios II and III, respectively.

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 September 30, 2022, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

Scenario for CDI increase				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments BRL 1,565,240	CDI	13.65% BRL 215,655	17.06% BRL 267,069	20.48% BRL 320,483
Debentures V - 2nd Q BRL 356,259	CDI + 0.79%	13.74% BRL 48,952	10.32% BRL 36,784	6.91% BRL 24,617
CCB - Safra	CDI + 2.18%	16.13%	19.61%	23.10%

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BRL 216,518		BRL 34,919	BRL 42,469	BRL 50,019
CCB - Itaú	CDI + 2.70%	16.72%	20.22%	23.73%
161,455		BRL 26,993	BRL 32,651	BRL 38,310
Debentures VIII	CDI + 1.50%	15.35%	18.82%	22.28%
BRL 501,419		BRL 76,992	BRL 94,359	BRL 111,727
4131 - Citi (USD 80MM)	CDI + 1.30%	15.13%	18.58%	22.04%
BRL 453,392		BRL 68,587	BRL 84,260	BRL 99,933
4131 - Citi (USD 44MM)	CDI + 1.20%	15.01%	18.47%	21.92%
BRL 238,776		BRL 35,849	BRL 44,095	BRL 52,341
Debentures VI	CDI + 2.50%	16.49%	19.99%	23.49%
BRL 1,883,926		BRL 310,683	BRL 376,579	BRL 442,475
Debentures VII	CDI + 1.65%	15.53%	18.99%	22.46%
BRL 314,995		BRL 48,904	BRL 59,830	BRL 70,757
Net position		BRL (464,693)	BRL (561,382)	BRL (658,071)

Scenario for CDI decrease				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI	13.65%	10.24%	6.83%
BRL 1,565,240		BRL 213,655	BRL 160,241	BRL 106,828
Debentures V - 2nd Q	CDI + 0.79%	13.74%	10.32%	6.91%
BRL 356,279		BRL 48,952	BRL 36,784	BRL 24,617
CCB - Safra	CDI + 2.18%	16.13%	12.64%	9.15%
BRL 216,518		BRL 34,919	BRL 27,369	BRL 19,820
CCB - Itaú	CDI + 2.70%	16.72%	13.21%	9.71%
BRL 161,455		BRL 26,993	BRL 21,334	BRL 15,676
Debentures VIII	CDI + 2.70%	16.72%	13.21%	9.71%
BRL 501,419		BRL 83,830	BRL 66,257	BRL 48,684
4131 - Citi (USD 80MM)	CDI + 1.30%	15.13%	11.67%	8.21%
BRL 453,392		BRL 68,587	BRL 52,914	BRL 37,240
4131 - Citi (USD 44MM)	CDI + 1.20%	15.01%	11.56%	8.11%
BRL 238,776		BRL 35,849	BRL 27,603	BRL 19,357
Debentures VI	CDI + 2.50%	16.49%	12.99%	9.50%
BRL 1,883,926		BRL 310,683	BRL 244,787	BRL 178,891
Debentures VII	CDI + 1.65%	15.53%	12.06%	8.59%
BRL 314,995		BRL 48,904	BRL 37,977	BRL 27,051
Net position		BRL (471,532)	BRL (374,637)	BRL (277,743)

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

The sensitivity analysis related to foreign exchange risk refers to the position on September 30, 2022, and seeks to simulate how an exchange rate stress could affect the Company.

In addition, three scenarios were outlined, I, II, and III, which represent, respectively, the probable scenario and the possible deterioration scenarios of 25% and 50% in the risk variable. To carry out the analysis, the Company uses as a premise of the probable scenario the exchange rate at the end of 2022 disclosed in the Focus Report - BACEN closest to the close of the period. Based on the probable exchange rate, scenarios of deterioration of 25% and 50% of the risk variable are generated.

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

Scenario for dollar increase				
Transactions	Risk	Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg	Exchange rate	5.20	6.50	7.80
671,560		647,695	809,618	971,542
Debt in USD	Exchange rate	5.20	6.50	7.80
692,168		667,570	834,463	1,001,355
Net position		(19,876)	(24,845)	(29,813)

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(f) Capital Management

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

	Consolidated	
	September 30, 2022	December 31, 2021
Loans and financing (Note 11)	4,121,973	4,062,194
Leases (Note 12)	1,601,484	1,444,881
Acquisition price payable (Note 16)	122,521	146,230
(-) Cash and cash equivalents and securities (Note 3)	<u>(1,583,533)</u>	<u>(1,814,240)</u>
Net debt	4,262,445	3,839,065
Equity (i)	<u>3,080,005</u>	<u>3,241,584</u>
Net debt on equity	<u>1.38</u>	<u>1.18</u>

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

(g) Offsetting of financial instruments

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

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

In accordance with the Corporations Act and the Company's Bylaws, it is the responsibility of the shareholders, at the General Meeting, to set the overall amount of the annual compensation of managers. It is incumbent upon the Board of Directors to distribute the funds among the managers. The Annual and Special General Meeting held on April 28, 2021, established a monthly global compensation limit to the Administrators (Board of Directors, Audit Committee, and Executive Board) of the Company.

In the periods that ended September 30, 2022, and 2021, the total compensation (fixed, variable, shares, and the respective social charges) of the Company's directors, officers, and main executives was BRL 42,602 and BRL 38,702, respectively. These compensations are within the limits approved at the corresponding shareholders' meetings.

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

(b) Shares option plan

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

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

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

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

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

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

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

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

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

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

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

Programs	Granted	Forfeited Options	Abandoned Options	Issued	Balance of Shares
6P	5,090,000	2,247,000	1,924,845	866,714	51,441
7P	889,000	379,200	331,174	97,526	81,100
8P	983,000	463,400	52,127	458,813	8,660
10P	1,105,779	554,000	107,779	442,000	2,000
11P	991,010	555,510	63,755	357,805	13,940
Overall Total	9,058,789	4,199,110	2,479,680	2,222,858	157,141

The totals of granted options that were exercised in the previous quarters are as follows:

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

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

Program	End of Grace Period	Maturity Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Distribution of dividends	Risk-free Interest Rate	Fair value	Quantity Forfeited
4P Program Nov, 12	4/15/2014	4/15/2024	15,000	R\$ 13.13	49.44%	0.76%	3.50%	6.31	0
4P Program Nov, 12	4/15/2015	4/15/2025	15,000	R\$ 13.13	49.44%	0.76%	3.50%	6.88	0
4P Program Nov, 12	4/15/2016	4/15/2026	15,000	R\$ 13.13	49.44%	0.76%	3.50%	7.36	15,000
4P Program Nov, 12	4/15/2017	4/15/2027	15,000	R\$ 13.13	49.44%	0.76%	3.50%	7.79	15,000
4P Program Nov, 12	4/15/2018	4/15/2028	15,000	R\$ 13.13	49.44%	0.76%	3.50%	8.08	15,000
4P Program Aug, 12	4/15/2013	4/15/2023	18,000	R\$ 8.66	50.39%	1.15%	4.29%	2.64	0
4P Program Aug, 12	4/14/2014	4/14/2024	18,000	R\$ 8.66	50.39%	1.15%	4.29%	3.37	18,000
4P Program Aug, 12	4/14/2015	4/14/2025	18,000	R\$ 8.66	50.39%	1.15%	4.29%	3.88	18,000
4P Program Aug, 12	4/14/2016	4/14/2026	18,000	R\$ 8.66	50.39%	1.15%	4.29%	4.29	18,000
4P Program Aug, 12	4/14/2017	4/14/2027	18,000	R\$ 8.66	50.39%	1.15%	4.29%	4.55	18,000
4P Program Jul, 12	4/15/2013	4/15/2023	48,000	R\$ 8.10	50.78%	1.23%	4.29%	2.23	0
4P Program Jul, 12	4/14/2014	4/14/2024	48,000	R\$ 8.10	50.78%	1.23%	4.29%	2.96	0
4P Program Jul, 12	4/14/2015	4/14/2025	48,000	R\$ 8.10	50.78%	1.23%	4.29%	3.46	9,000
4P Program Jul, 12	4/14/2016	4/14/2026	48,000	R\$ 8.10	50.78%	1.23%	4.29%	3.86	9,000
4P Program Jul, 12	4/14/2017	4/14/2027	48,000	R\$ 8.10	50.78%	1.23%	4.29%	4.12	48,000
4P Program Apr, 12	4/15/2013	4/15/2023	234,000	R\$ 6.50	51.66%	1.65%	4.29%	1.12	27,000
4P Program Apr, 12	4/14/2014	4/14/2024	234,000	R\$ 6.50	51.66%	1.65%	4.29%	1.81	42,000
4P Program Apr, 12	4/14/2015	4/14/2025	234,000	R\$ 6.50	51.66%	1.65%	4.29%	2.26	42,000
4P Program Apr, 12	4/14/2016	4/14/2026	234,000	R\$ 6.50	51.66%	1.65%	4.29%	2.60	60,000
4P Program Apr, 12	4/14/2017	4/14/2027	234,000	R\$ 6.50	51.66%	1.65%	4.29%	2.82	138,000
4P Program Apr, 12 Cons.	4/15/2013	4/2/2022	180,000	R\$ 6.80	51.66%	1.65%	4.29%	1.09	0
4P Program Apr, 12 Cons.	4/14/2014	4/2/2022	180,000	R\$ 6.80	51.66%	1.65%	4.29%	1.78	0
3P Program Apr, 11	4/15/2012	4/15/2022	165,324	R\$ 7.80	54.94%	1.32%	6.20%	1.29	12,717
3P Program Apr, 11	4/14/2013	4/14/2023	165,240	R\$ 7.80	54.94%	1.32%	6.20%	2.27	38,133
3P Program Apr, 11	4/14/2014	4/14/2024	165,240	R\$ 7.80	54.94%	1.32%	6.20%	2.92	61,011
3P Program Apr, 11	4/14/2015	4/14/2025	165,240	R\$ 7.80	54.94%	1.32%	6.20%	3.42	61,011
3P Program Apr, 11	4/14/2016	4/14/2026	165,240	R\$ 7.80	54.94%	1.32%	6.20%	3.74	80,079
3P Program Jan, 11	4/15/2012	4/15/2022	183,861	R\$ 9.00	56.55%	1.14%	5.79%	1.99	10,170
3P Program Jan, 11	4/14/2013	4/14/2023	183,807	R\$ 9.00	56.55%	1.14%	5.79%	3.02	35,592
3P Program Jan, 11	4/14/2014	4/14/2024	183,807	R\$ 9.00	56.55%	1.14%	5.79%	3.72	51,072
3P Program Jan, 11	4/14/2015	4/14/2025	183,807	R\$ 9.00	56.55%	1.14%	5.79%	4.25	51,072
3P Program Jan, 11	4/14/2016	4/14/2026	183,807	R\$ 9.00	56.55%	1.14%	5.79%	4.60	51,072
3P Program Jan, 11 Cons.	4/15/2012	1/3/2021	30,000	R\$ 8.90	56.55%	1.14%	5.79%	2.00	0
3P Program Jan, 11 Cons.	4/14/2013	1/3/2021	30,000	R\$ 8.90	56.55%	1.14%	5.79%	3.03	0
2P Program Nov, 10 Cons.	4/15/2011	11/3/2020	30,000	R\$ 8.73	57.60%	1.52%	5.88%	2.48	0
2P Program Nov, 10 Cons.	4/14/2012	11/3/2020	30,000	R\$ 8.73	57.60%	1.52%	5.88%	3.34	0
2P Program Jul, 10	4/15/2011	4/15/2021	129,702	R\$ 6.73	58.84%	1.52%	6.25%	1.37	39,063
2P Program Jul, 10	4/14/2012	4/14/2022	129,684	R\$ 6.73	58.84%	1.52%	6.25%	2.19	39,063
2P Program Jul, 10	4/14/2013	4/14/2023	129,684	R\$ 6.73	58.84%	1.52%	6.25%	2.72	48,438
2P Program Jul, 10	4/14/2014	4/14/2024	129,684	R\$ 6.73	58.84%	1.52%	6.25%	3.12	48,438
2P Program Jul, 10	4/14/2015	4/14/2025	129,684	R\$ 6.73	58.84%	1.52%	6.25%	3.36	60,936
2P Program May, 10	4/15/2011	4/15/2021	140,625	R\$ 6.33	60.71%	1.62%	6.30%	2.52	0
2P Program May, 10	4/15/2012	4/15/2021	140,625	R\$ 6.33	60.71%	1.62%	6.30%	2.52	140,625
2P Program May, 10	4/14/2013	4/14/2023	140,625	R\$ 6.33	60.71%	1.62%	6.30%	2.52	140,625
2P Program May, 10	4/14/2014	4/14/2024	140,625	R\$ 6.33	60.71%	1.62%	6.30%	2.52	140,625
2P Program May, 10	4/14/2015	4/14/2025	140,625	R\$ 6.33	60.71%	1.62%	6.30%	2.52	140,625
1P Program Mar, 10	4/15/2011	4/15/2021	90,909	R\$ 7.50	62.20%	1.01%	6.21%	2.43	0
1P Program Mar, 10	4/14/2012	4/14/2022	90,909	R\$ 7.50	62.20%	1.01%	6.21%	3.23	0
1P Program Mar, 10	4/14/2013	4/14/2023	90,909	R\$ 7.50	62.20%	1.01%	6.21%	3.77	0
1P Program Mar, 10	4/14/2014	4/14/2024	90,909	R\$ 7.50	62.20%	1.01%	6.21%	4.18	0
1P Program Mar, 10	4/14/2015	4/14/2025	90,909	R\$ 7.50	62.20%	1.01%	6.21%	4.43	0
1P Program Jan, 10	4/15/2011	4/15/2021	89,112	R\$ 8.17	63.15%	0.93%	6.23%	2.96	10,914
1P Program Jan, 10	4/14/2012	4/14/2022	89,088	R\$ 8.17	63.15%	0.93%	6.23%	3.78	38,181
1P Program Jan, 10	4/14/2013	4/14/2023	89,088	R\$ 8.17	63.15%	0.93%	6.23%	4.34	38,181
1P Program Jan, 10	4/14/2014	4/14/2024	89,088	R\$ 8.17	63.15%	0.93%	6.23%	4.76	52,728
1P Program Jan, 10	4/14/2015	4/14/2025	89,088	R\$ 8.17	63.15%	0.93%	6.23%	5.03	52,728
1P Program Sep, 09	4/15/2010	4/15/2020	174,582	R\$ 6.70	56.75%	1.13%	5.64%	1.78	0
1P Program Sep, 09	4/15/2011	2/15/2021	174,537	R\$ 6.70	56.75%	1.13%	5.64%	2.51	32,727
1P Program Sep, 09	4/14/2012	4/14/2022	174,537	R\$ 6.70	56.75%	1.13%	5.64%	3.00	32,727
1P Program Sep, 09	4/14/2013	4/14/2023	174,537	R\$ 6.70	56.75%	1.13%	5.64%	3.40	32,727
1P Program Sep, 09	4/14/2014	4/14/2024	174,537	R\$ 6.70	56.75%	1.13%	5.64%	3.62	101,814
1P Program Jan, 09	4/15/2010	4/15/2020	90,915	R\$ 4.40	63.99%	1.72%	6.83%	0.57	18,180
1P Program Jan, 09	4/15/2011	4/15/2021	90,909	R\$ 4.40	63.99%	1.72%	6.83%	1.21	72,729
1P Program Jan, 09	4/14/2012	4/15/2022	90,909	R\$ 4.40	63.99%	1.72%	6.83%	1.62	72,729
1P Program Jan, 09	4/14/2013	4/15/2023	90,909	R\$ 4.40	63.99%	1.72%	6.83%	1.92	72,729
1P Program Jan, 09	4/14/2014	4/15/2024	90,909	R\$ 4.40	63.99%	1.72%	6.83%	2.11	72,729
1P Program Jan, 09 Cons.	4/15/2010	1/13/2019	1,363,635	R\$ 4.40	63.99%	1.72%	6.83%	0.57	0
1P Program Jan, 09 Cons.	4/15/2011	1/13/2019	1,363,635	R\$ 4.40	63.99%	1.72%	6.83%	1.21	0
1P Program Sep, 08	4/15/2009	4/15/2019	663,645	R\$ 4.68	56.00%	1.62%	8.42%	0.47	0
1P Program Sep, 08	4/15/2010	2/15/2020	663,633	R\$ 4.68	56.00%	1.62%	8.42%	1.12	399,999
1P Program Sep, 08	4/15/2011	4/15/2021	663,633	R\$ 4.68	56.00%	1.62%	8.42%	1.55	399,999
1P Program Sep, 08	4/14/2012	4/14/2022	663,633	R\$ 4.68	56.00%	1.62%	8.42%	1.78	399,999
1P Program Sep, 08	4/14/2013	4/14/2023	663,633	R\$ 4.68	56.00%	1.62%	8.42%	2.08	399,999
1P Program Jul, 08	4/15/2009	4/15/2019	703,668	R\$ 7.83	57.49%	0.97%	6.85%	2.36	509,100
1P Program Jul, 08	4/15/2010	4/15/2020	703,626	R\$ 7.83	57.49%	0.97%	6.85%	3.15	538,176
1P Program Jul, 08	4/15/2011	4/15/2021	703,626	R\$ 7.83	57.49%	0.97%	6.85%	3.69	552,720
1P Program Jul, 08	4/14/2012	4/14/2022	703,626	R\$ 7.83	57.49%	0.97%	6.85%	4.37	552,720
1P Program Jul, 08	4/14/2013	4/14/2023	703,626	R\$ 7.83	57.49%	0.97%	6.85%	3.71	552,720
1P Program Jul, 08 Cons.	4/15/2009	7/11/2018	60,000	R\$ 7.90	57.49%	0.97%	6.85%	2.35	30,000
1P Program Jul, 08 Cons.	4/15/2010	7/11/2018	60,000	R\$ 7.90	57.49%	0.97%	6.85%	3.14	30,000

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In compliance with the provisions of the technical pronouncement CPC 10 (R1), the share-based payouts that were open on September 30, 2022, and December 31, 2021, were measured and recognized by the Company.

The Company recognizes the stock options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of profit or loss, as general and administrative expenses, in the line item personal and social charges. In the period that ended September 30, 2022, a provision of BRL 26 was recognized (reversal of BRL 135 in the fiscal year ended on December 31, 2021). As at September 30, 2022, the provision amount was BRL 74,855 (BRL 74,829 as at December 31, 2021).

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

Executive board

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

(c) Performance Share Program

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

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

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

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

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

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

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For the Restricted Shares Granting Plan, the provision for the program in the fiscal year ended on September 30, 2022, is BRL 12,036 (BRL 16,974 as of December 31, 2021). The accumulated provision as of September 30, 2022, is BRL 56,399 (BRL 44,503 as of December 31, 2021).

As at September 30, 2022, the number of shares granted and delivered was 3,255,510 shares, and the total shares granted amounted to 9,170,900 shares.

Program	Granted	Additional per Dividends	Additional per Performance	Delivered	Unvested	Cancelled	Forfeited
1P	1,395,500	90,038	40,825	665,681	116,980	88,101	655,600
1P - Cons	130,000	9,441	0	139,441	0	0	0
1P - Esp	300,000	28,012	16,158	233,774	88,394	22,001	
2P	879,000	17,330	41,500	458,537	220,336	37,422	221,535
2P - Cons	98,000	3,157	0	94,028	0	129	7,000
2P - Esp	100,000	2,436	5,000	60,887	41,377	5,172	
3P	630,000	15,455	0	565,455	0	0	80,000
3P - Esp	98,000	0	0	0	98,000		
3P - Cons	200,000	5,620	0	205,620	0	0	
4P	100,000	3,074	5,000	61,046	0	7,028	40,000
5P	80,000	2,760	0	0	0	2,760	80,000
6P	1,389,600	32,394	0	432,461	584,697	61,114	343,722
7P	445,000	8,903	0	94,047	141,070	3,786	215,000
8P	460,000	15,870	0	0	475,870	0	
9P	100,000	1,570	0	40,628	60,942	0	
10P	1,330,800	19,110	0	191,155	893,759	65,715	199,281
11P	85,000	0	0	12,750	36,000	4,250	32,000
12P	1,350,000	0	0	0	1,297,000	0	53,000
Overall							
Total	9,170,900	255,170	108,482	3,255,510	4,054,425	297,479	1,927,138

21 Earnings per share

The table below presents information on the income and shares used to calculate basic and diluted earnings per share.

(a) Earnings per share – basic

	2022	2021
Numerator		
Net income for the period attributable to the Company's shareholders	26,980	232,521
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	295,853	301,616
Net income per batch of 1000 shares - basic	0.09119	0.77092

(b) Earnings per share - diluted

	2022	2021
Numerator		
Net income for the period attributable to the Company's shareholders	26,980	232,521
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	295,853	301,616
Potential increase in the number of shares due to the stock option plan		60
Weighted average of outstanding shares	295,853	301,676
Net income per batch of 1000 shares - diluted	0.09119	0.77076

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22 Net revenue from services provided

	Consolidated	
	2022	2021
Gross revenue	7,404,782	6,639,983
Deduction from gross revenue	(3,941,464)	(3,298,952)
Grants - scholarships	(3,713,742)	(3,057,559)
Refund of monthly tuition fees and charges	(23,055)	(25,327)
Discounts granted	(40,036)	(59,360)
Taxes	(133,526)	(121,285)
Adjustment to present value – PAR/DIS	(12,604)	(10,182)
FIES (i)	(18,501)	(25,239)
	3,463,318	3,341,031

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

23 Costs of services provided

	Consolidated	
	2022	2021
Personnel and social charges	(882,919)	(868,527)
Electricity, water, gas, and telephone	(35,214)	(26,623)
Rental, condominium fees, and IPTU (i)	(21,067)	(38,510)
Postage and Mailbags	(1,422)	(1,338)
Depreciation and amortization	(325,744)	(345,398)
Teaching material	(7,524)	(6,133)
Third-party services - security and cleaning	(48,736)	(42,039)
Other	(153,182)	(130,743)
	(1,475,808)	(1,459,311)

24 Selling, general and administrative expenses

	Parent company		Consolidated	
	2022	2021	2022	2021
Commercial expenses				
Impairment loss on trade receivables (Note 4)			(423,608)	(344,053)
Advertising			(213,683)	(255,449)
Sales and marketing			(89,946)	(75,014)
Other			20,806	(223)
			(706,431)	(674,739)
General and administrative expenses				
Personnel and social charges	(4,231)	(4,729)	(231,877)	(260,503)
Third-party services	(2,748)	(2,991)	(119,256)	(98,927)
Maintenance and repairs		(67)	(52,756)	(60,472)
Depreciation and amortization	(2)	(25)	(200,542)	(159,328)
Educational agreements			(28,507)	(20,206)
Travel and accommodation	(24)	(2)	(6,448)	(4,884)
Provision for contingencies (Note 17)	284	110	(51,625)	(51,678)
Insurance	(7,624)	(9,337)	(9,461)	(10,770)
Transportation	(2)	(5)	(4,275)	(2,961)
Vehicle rental			(4,457)	(3,502)
Other	(134)	(242)	(46,028)	(31,571)
	(14,481)	(17,288)	(755,232)	(704,802)

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25 Other operating revenues/expenses

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenues with agreements	2,266	2,266	3,417	3,417
Lease revenues			5,406	3,003
Business intermediation			750	673
Gain on disposal of property, plant and equipment			3,216	9,351
Provision (reversal) for loss - other revenues			(3,167)	(2,418)
Donations and sponsorship			995	1,132
Consultancy			1,500	1,500
Other operating revenues (expenses)			5,061	(266)
	<u>2,266</u>	<u>2,266</u>	<u>17,178</u>	<u>16,392</u>

26 Financial income

	Parent company		Consolidated	
	2022	2021	2022	2021
Financial revenues				
Late payment fines and interest			44,966	32,976
Revenues from financial investments	4,232	13,639	115,288	44,056
Derivatives fair value (SWAP) (i)	15,875	96,597	15,875	96,597
Tax credits adjustment	5,347	562	11,782	1,888
PAR, DIS, and Credathenas update			(9,667)	25,886
Other	<u>2</u>		<u>2,802</u>	<u>4,814</u>
	<u>25,456</u>	<u>110,798</u>	<u>181,046</u>	<u>206,217</u>
Financial expenses				
Bank expenses	(598)	(711)	(9,284)	(7,414)
Interest and financial charges	(339,846)	(133,673)	(372,062)	(151,519)
Adjustment of provision for contingencies (Note 17)	163	42	(29,888)	(26,178)
Financial deductions (ii)			(73,939)	(79,777)
Negative exchange variation			(21,298)	(10,745)
Derivatives fair value (SWAP) (i)	(19,024)	35,240	(19,024)	35,240
Interest on loans (SWAP)	(63,387)	(146,630)	(63,500)	(146,630)
Expenses with loans	(3,367)	(7,651)	(3,367)	(7,651)
Lease interest - Right of use			(110,109)	(93,570)
Other	<u>(1,048)</u>	<u>(52)</u>	<u>(5,648)</u>	<u>(3,763)</u>
	<u>(427,107)</u>	<u>(253,435)</u>	<u>(708,119)</u>	<u>(492,007)</u>
Net financial income	<u>(401,651)</u>	<u>(142,637)</u>	<u>(527,073)</u>	<u>(285,790)</u>

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

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27 Income by business segment

	September 30, 2022			
	On-site	Digital	Premium	Consolidated
Gross Revenue	4,015,916	2,443,836	945,030	7,404,782
Deductions	(2,425,241)	(1,376,004)	(140,219)	(3,941,464)
Net revenue (Note 22)	1,590,675	1,067,832	804,811	3,463,318
Costs of the Services Provided (Note 23)	(678,611)	(210,998)	(260,456)	(1,150,065)
Personnel and social charges	(588,636)	(54,628)	(239,654)	(882,918)
Rental, condominium fees, and IPTU (i)	(13,972)	(80)	(7,016)	(21,067)
Postage and mailbags	(246)	(139)	(80)	(466)
Teaching material	(1,829)	(15)	(450)	(2,294)
Third parties' services and other	(73,928)	(156,136)	(13,256)	(243,319)
Depreciation and amortization (Note 23)	(254,446)	(18,013)	(53,284)	(325,743)
Gross income	657,619	838,820	491,071	1,987,510
Selling expenses (Note 24)	(370,529)	(286,181)	(49,721)	(706,431)
General and administrative expenses (Note 24)	(266,902)	(163,381)	(124,407)	(554,690)
Depreciation and amortization (Note 24)	(97,854)	(62,772)	(39,915)	(200,542)
Other Revenue/Expenses (Note 25)	10,540	2,273	4,364	17,178
Operating income	(67,126)	328,759	281,392	543,025

	September 30, 2021			
	On-site	Digital	Premium	Consolidated
Gross Revenue	3,885,245	2,003,719	751,019	6,639,983
Deductions	(2,164,735)	(1,003,372)	(130,845)	(3,298,952)
Net revenue (Note 22)	1,720,510	1,000,347	620,174	3,341,031
Costs of the Services Provided (Note 23)	(710,024)	(185,047)	(218,842)	(1,113,913)
Personnel and social charges	(606,557)	(56,714)	(205,256)	(868,527)
Rental, condominium fees, and IPTU (i)	(34,161)	507	(4,856)	(38,510)
Postage and mailbags	(685)	(541)	(112)	(1,338)
Teaching material	(4,855)	(9)	(1,269)	(6,133)
Third parties' services and other	(63,766)	(128,290)	(7,349)	(199,405)
Depreciation and amortization (Note 23)	(284,572)	(12,597)	(48,229)	(345,398)
Gross income	725,914	802,703	353,103	1,881,720
Selling expenses (Note 24)	(386,212)	(247,963)	(40,564)	(674,739)
General and administrative expenses (Note 24)	(305,303)	(155,273)	(84,898)	(545,474)
Depreciation and amortization (Note 24)	(80,350)	(55,226)	(23,752)	(159,328)
Other Revenue/Expenses (Note 25)	9,399	4,107	2,886	16,392
Operating income	(36,552)	348,348	206,775	518,571

28 Income tax and social security contribution

The reconciliation of taxes assessed according to nominal tax rates and the amount of tax recorded for the periods ended September 30, 2022, and 2021, are presented below:

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	Parent company		Consolidated	
	2022	2021	2022	2021
Profit before income tax and social security contribution	26,959	232,982	15,952	232,781
Nominal rate combined from income tax and social security contribution - %	34	34	34	34
Income tax and social security contribution at legislation rates	(9,166)	(79,214)	(5,423)	(79,146)
Equity accounting method	149,881	132,818		
Goodwill			14,824	11,387
Non-deductible expenses (i)	1,818	(1)	3,009	(1,194)
Interest on equity (ii)	(52,700)			755
Tax loss - not constituted	(89,812)	(53,300)	(111,939)	(68,706)
Non-taxable income			4,061	1,914
Other			310	327
	21	303	(95,158)	(134,663)
Tax benefits				
Tax incentive - PROUNI			114,677	131,566
Tax Incentive - <i>Lei Rouanet</i>			544	1,727
Income tax and social security contribution in profit or loss for the period	21	303	20,063	(1,370)

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

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

	Parent company		Consolidated	
	2022	2021	2022	2021
Current income tax and social security contribution			(21,090)	(49,499)
Deferred income tax and social security contribution	21	303	41,153	48,129
Income tax and social security contribution of previous periods		(764)	(7,168)	1,110
	21	(461)	12,895	(260)

As at September 30, 2022, the Company recorded deferred tax credit from the temporary differences and tax loss and negative basis in the amount of BRL 385,893 (BRL 356,104, as at December 31, 2021). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Adjustment to present value			10,601	5,660
Provision for contingencies		152	73,920	75,301
Impairment Loss on Trade Receivables (PCLD)			90,990	73,593
Monthly tuition fees to be invoiced / cancelled			21,624	26,566
Provision for retirement			19,579	16,724
Assets Surplus Value Amortization			(18,509)	(29,573)
Provision for FIES Risk			321	7,395
Recognized granted options	1,152	979	60,051	57,977

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Leases			74,207	59,442
Business combination			(28,650)	(30,726)
Goodwill incorporated			(11,290)	(11,290)
Depreciation	14	14	5,771	7,547
Tax loss			84,335	94,641
Other Assets			2,943	2,847
	<u>1,166</u>	<u>1,145</u>	<u>385,893</u>	<u>356,104</u>
Assets	<u>1,166</u>	<u>1,145</u>	<u>385,893</u>	<u>356,104</u>

The realization of the deferred tax effect on temporary differences recorded on September 30, 2022, is linked to the realization of the provision which gave rise to this credit.

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

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

	September 30, 2022
	Consolidated
2022	13,025
2023 to 2026	48,588
2027 to 2031	<u>22,742</u>
	84,335

29 Subsequent events

On October 5, 2022, the Company carried out the early settlement (maturity in April 2023) of the CCB contracted with Banco Itaú, in the principal amount of BRL 150 million of Brazilian reais, at the cost of 100% of the CDI + 2.70 % p.a.

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