

YDUQS Participações S.A.

**Quarterly Information – ITR
June 30, 2021 and
Independent Auditors' Report**

Report on the 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 June 30, 2021, comprising the balance sheet at that date and the respective statements of income and comprehensive income, for the three and six month periods ended on that date and of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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 six-month period ended June 30, 2021. 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 interim accounting 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.

Audit and review of comparative year's figures

The Quarterly Information Form (ITR) mentioned in the first paragraph includes accounting information, presented for comparison purposes, related to the statements of income, comprehensive income, changes in equity, cash flows and value added for the six-month period ended June 30, 2020, obtained from the Quarterly Information Form (ITR) for that quarter, and to the balance sheet as at December 31, 2020, obtained from the financial statements at December 31, 2020. The review of the Quarterly Information (ITR) for the quarter ended June 30, 2020 and the audit of the financial statements for the year ended December 31, 2020, as originally prepared, were conducted by other independent auditors, who issued review and audit reports dated August 26, 2020 and March 16, 2021, respectively, without qualifications.

As part of our review of the interim accounting information for the quarter ended June 30, 2021, we have also reviewed the adjustments described in note 1,5 that were made to restate the quarterly information for the quarter ended June 30, 2020 and the financial statements of the year ended December 31, 2020. In our opinion, these adjustments are appropriate and were correctly recorded. We were not engaged to audit, review or apply any other procedures to the Company's the interim accounting information or financial statements for quarter ended June 30, 2020 or the year ended December 31, 2020 and, therefore, we do not express any opinion or any form of assurance on the interim accounting information and financial statements for 2020 taken as a whole.

Rio de Janeiro, August 16, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

YDUQS Participações S.A.

Statements of financial position In thousands of reais

	Parent Company		Consolidated			Parent company		Consolidated	
	June 30, 2021	Restated December 31, 2020	June 30, 2021	Restated December 31, 2020		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	616,999	334,127	1,212,307	925,341	Trade payables	3,336	2,993	209,859	251,229
Securities (note 3)	49,608	131,524	755,078	707,935	Loans and financing (Note 11)	973,702	390,302	973,702	390,302
Derivative financial instruments - Swap (Note 19)	2,189	33,312	2,189	33,312	Leases (Note 12)			212,513	199,549
Accounts receivable (Note 4)			964,783	890,151	Salaries and welfare charges (Note 13)	780	599	290,406	202,157
Prepaid expenses (Note 6)	519		18,079	8,178	Tax obligations (Note 14)	324	23,475	55,301	106,695
Dividends receivable					Prepaid monthly tuition fees			24,233	44,211
Taxes and contributions recoverable (Note 7)	34,557	32,557	100,179	137,601	Tax payment in installments (Note 15)			3,623	3,543
Other			23,226	33,879	Related parties (Note 5)	78	78		
					Dividends payable	141,747	23,355	141,747	23,355
					Acquisition price payable (Note 16)			55,572	57,936
					Other	3,959	4,810	10,275	13,791
	<u>703,872</u>	<u>531,520</u>	<u>3,075,841</u>	<u>2,736,397</u>		<u>1,123,926</u>	<u>445,612</u>	<u>1,977,231</u>	<u>1,292,768</u>
Non-current					Non-current				
Long-term assets					Long-term liabilities				
Derivative financial instruments - Swap (Note 19)		120,787		120,787	Loans and financing (Note 11)	2,700,992	3,113,448	2,700,992	3,113,448
Accounts receivable (Note 4)			291,938	214,160	Leases (Note 12)			1,214,183	1,151,775
Prepaid expenses (Note 6)	2	1	4,614	4,058	Contingencies (Note 17)	332	300	254,950	246,842
Judicial deposits (Note 17)	243	232	111,662	102,688	Tax payment in installments (Note 15)			8,082	9,190
Deferred taxes (Note 28)	956	3,210	333,963	322,632	Provision for assets retirement			77,005	89,630
Taxes and contributions recoverable (Note 7)	22,264	15,048	120,786	107,726	Acquisition price payable (Note 16)			86,643	89,946
Other			12,575	14,760	Other	23,057	24,722	60,203	62,561
	<u>23,465</u>	<u>139,278</u>	<u>875,538</u>	<u>886,811</u>		<u>2,724,381</u>	<u>3,138,470</u>	<u>4,402,058</u>	<u>4,763,392</u>
Investments					Shareholders' equity (Note 18)				
In subsidiaries (Note 8)	5,602,801	5,338,152			Capital stock	1,139,887	1,139,887	1,139,887	1,139,887
Other			338	338	Expenditure with shares issuance	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,081	780,096	3,193,921	3,186,539	Capital reserves	689,037	687,503	689,037	687,503
Property, plant and equipment (Note 10)	4	5	2,495,567	2,451,044	Profits reserve	1,465,767	1,465,767	1,465,767	1,465,767
	<u>6,382,886</u>	<u>6,118,253</u>	<u>5,689,826</u>	<u>5,637,921</u>	Proposed additional dividend		118,423		118,423
	<u>6,406,351</u>	<u>6,257,531</u>	<u>6,565,364</u>	<u>6,524,732</u>	Treasury shares	(165,613)	(179,759)	(165,613)	(179,759)
					Income for the period	159,690		159,690	
						<u>3,261,916</u>	<u>3,204,969</u>	<u>3,261,916</u>	<u>3,204,969</u>
Total assets	<u>7,110,223</u>	<u>6,789,051</u>	<u>9,641,205</u>	<u>9,261,129</u>	Total liabilities and shareholders' equity	<u>7,110,223</u>	<u>6,789,051</u>	<u>9,641,205</u>	<u>9,261,129</u>

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.

Statements of income

Six-month period ended on June 30

In thousands of reais

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Continued operations				
Net revenue from activities (Note 22)			2,242,972	1,914,367
Costs of the services provided (Note 23)			(958,041)	(792,909)
Gross income			1,284,931	1,121,458
Operating revenues (expenses)				
Selling expenses (Note 24)			(483,183)	(477,540)
General and administrative expenses (Note 24)	(11,808)	(9,753)	(457,719)	(410,643)
Equity accounting income (Note 8)	251,761	142,599		
Other operating revenues/expenses (Note 25)	1,512	1,511	8,997	988
Operating income (expenses)	<u>241,465</u>	<u>134,357</u>	<u>353,026</u>	<u>234,263</u>
Financial revenues (Note 26)	75,331	208,624	125,563	244,045
Financial expenses (Note 26)	(156,637)	(254,737)	(308,258)	(402,090)
Net financial income	<u>(81,306)</u>	<u>(46,113)</u>	<u>(182,695)</u>	<u>(158,045)</u>
Income before income tax and social contribution	160,159	88,244	170,331	76,218
Current and deferred income tax (Note 28)	(345)	75	(7,614)	9,032
Current and deferred social contribution (Note 28)	(124)	27	(3,027)	3,096
Net profit for the fiscal year, attributable to shareholders	<u>159,690</u>	<u>88,346</u>	<u>159,690</u>	<u>88,346</u>
Net earnings per lot of 1000 shares - basic (Note 21)	<u>0.52970</u>	<u>0.29360</u>	<u>0.52970</u>	<u>0.29360</u>
Net earnings per lot of 1000 shares - diluted (Note 21)	<u>0.52737</u>	<u>0.29170</u>	<u>0.52737</u>	<u>0.29170</u>

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.

Statements of comprehensive income

Six-month period ended on June 30

In thousands of reais, except profit per share.

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net income for the fiscal year	159,690	88,346	159,690	88,346
Other comprehensive income				
Total comprehensive income of fiscal year, net of taxes	<u>159,690</u>	<u>88,346</u>	<u>159,690</u>	<u>88,346</u>
Attributable to:				
Non-controlling shareholders	<u>159,690</u>	<u>88,346</u>	<u>159,690</u>	<u>88,346</u>

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.

Statements of changes in equity In thousands of reais

					Capital reserves		Retained earnings				
		Expenditure	Premium in	Negative Goodwill in						Additional dividends proposed	
	Capital share	w / issue of shares	subscription of shares	sale of shares	Options granted	Legal	Retained Earnings	Treasury Shares	Earnings accumulated		Total
As of January 1, 2020	1,139,887	(26,852)	595,464	(10,838)	89,395	178,980	1,330,347	(194,031)			3,102,352
Granted Options (Note 21)					(270)						(270)
Restricted Shares Granting Plan (Note 21)					26,045						26,045
Negative goodwill on treasury shares sale (Note 18d.3)				(825)				825			
Payment of Stock options (Note 21)								1,979			1,979
Payment of Restricted Shares Granting Plan (Note 21)					(11,468)			11,468			
Net income for the fiscal year									98,181		98,181
Appropriation of net income											
Constitution of reserves						4,909			(4,909)		
Minimum mandatory dividends (R\$0.08 per share)									(23,318)		(23,318)
Additional proposed dividends							(48,469)		(69,954)	118,423	
As of December 31, 2020	1,139,887	(26,852)	595,464	(11,663)	103,702	183,889	1,281,878	(179,759)		118,423	3,204,969
Granted Options (Note 20)					90						90
Restricted Shares Granting Plan (Note 20)					13,167						13,167
Negative goodwill on treasury shares sale (Note 18d.3)				(338)				338			
Cancellation of Treasury Shares (Note 18)								24			24
Payment of Stock options (Note 20)					(11,385)			11,385			
Payment of Restricted Shares Granting Plan (Note 20)								2,399			2,399
Additional proposed dividends										(118,423)	(118,423)
Net income for the period									159,690		159,690
Appropriation of net income											
As of June 30, 2021	1,139,887	(26,852)	595,464	(12,001)	105,574	183,889	1,281,878	(165,613)	159,690		3,261,916

The Management notes are an integral part of the quarterly information.

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

	Parent Company		Consolidated	
	2021	2020	2021	2020
		Restated		Restated
Cash flow from operating activities				
Income before income tax and social contribution	160,159	88,244	170,331	76,218
Adjustments to reconcile the income to cash and cash equivalents generated:				
Depreciation and amortization	17	24	308,977	214,672
Amortization of loan funding costs	6,411	1,190	6,411	1,190
Provision for doubtful debts			254,620	300,831
Provision for loss - Other accounts receivable			1,823	4,845
Granted options - Stock options provision	840	348	19,271	16,050
Provision for contingencies	35	(48)	54,366	93,672
Interest on loans and financing, not realized	81,663	45,360	144,779	99,794
Adjustment of assets retirement obligation			5,555	1,273
Adjustment of commitments payable			1,219	1,071
Earnings from the write-off of property, plant, and equipment and intangible assets			(706)	512
Equity accounting method	(251,761)	(142,599)		
Adjustments to present value - accounts receivable			5,660	140
Adjustment of tax credits	(424)	(446)	(1,196)	(2,867)
Other	(20,683)	7,995	(64,926)	7,968
	(23,743)	68	906,184	815,369
Variation in assets and liabilities:				
(Increase) in accounts receivable			(412,690)	(266,659)
Decrease (Increase) in prepaid expenses	(520)	243	(10,457)	(429)
Decrease (Increase) in taxes and contributions recoverable	(8,792)	(1,784)	25,559	9,320
(Increase) in judicial deposits	(11)	(6)	(8,974)	1,913
Decrease (Increase) in other assets	(10)	(571)	11,357	1,802
Increase (Decrease) in trade payables	120	763	1,596	81,619
Increase (Decrease) in salaries and welfare charges	10	(114)	82,235	165,071
Increase (Decrease) in tax obligations	(21,367)	557	(51,363)	4,966
Increase (Decrease) in monthly tuition fees received in advance			(19,978)	17,852
(Decrease) in tax installment payment			(1,165)	(1,295)
(Decrease) in civil/labor convictions	(3)		(46,258)	(35,866)
Increase in Provision for assets retirement obligations			(18,180)	
Increase (Decrease) in other liabilities	(850)	(305)	(3,364)	(196)
	(55,166)	(1,149)	454,502	793,467
Interest paid on loans	(83,899)	(25,978)	(83,899)	(25,978)
IRPJ (Income Tax) and CSLL (Social Contribution on Net Income) Paid			(22,003)	(22,304)
Net cash provided by (used in) operating activities.	(139,065)	(27,127)	348,600	745,185
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(63,990)	(82,258)
Acquisition of intangible assets			(110,890)	(82,709)
Premium and goodwill from investment in subsidiaries			166	(184,053)
Acquisition of subsidiaries, net of cash obtained in the acquisition				(1,553,569)
Advance for future capital increase	(300)	(2,367,460)		
Application (rescue) of Securities	81,916	90,015	(47,143)	(111,850)
Dividends received		129,519		
Acquisition price payable			(6,886)	(3,402)
Net cash provided by (used in) investment activities	81,616	(2,147,926)	(228,743)	(2,017,841)
Cash flow from financing activities:				
Acquisition of treasury shares	(26)		(26)	
Use of treasury shares derived from the exercise of stock options	2,449	677	2,449	677
Dividends paid	(31)		(31)	
Debenture issuance amount	1,850,000		1,850,000	
Amount received from loans and financing	36,080	2,599,549	36,080	2,599,549
Loan funding costs	(13,309)	(5,803)	(13,309)	(5,803)
Amortization of loans and borrowings	(1,534,842)	(294)	(1,534,842)	(294)
Lease amortization			(173,212)	(135,065)
Net cash provided by (used in) financing activities	340,321	2,594,129	167,109	2,459,064
Increase in the balance of cash and cash equivalents	282,872	419,076	286,966	1,186,408
Cash and cash equivalents at the beginning of the period	334,127	71,979	925,341	240,420
Cash and cash equivalents at the end of the period	616,999	491,055	1,212,307	1,426,828
Variation in cash and cash equivalents balance	282,872	419,076	286,966	1,186,408

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.
Statements of Value Added
Six-month period ended on June 30
In thousands of reais

	Parent Company		Consolidated	
	2021	2020	2021	2020
Revenue				
Educational services			2,323,481	1,989,240
Other revenues			1,754	2,781
Provision for doubtful accounts			(254,620)	(300,831)
			<u>2,070,615</u>	<u>1,691,190</u>
Inputs acquired from third parties				
Materials, electric power and third-party services	(8,377)	(6,088)	(498,024)	(392,520)
Contingencies	(3)	50	(39,357)	(94,478)
	<u>(8,380)</u>	<u>(6,038)</u>	<u>(537,381)</u>	<u>(486,998)</u>
Gross value added	<u>(8,380)</u>	<u>(6,038)</u>	<u>1,533,234</u>	<u>1,204,192</u>
Depreciation and amortization	(17)	(24)	(308,977)	(214,672)
Net value added produced	<u>(8,397)</u>	<u>(6,062)</u>	<u>1,224,257</u>	<u>989,520</u>
Value added received in transfer				
Income using Equity Method	251,761	142,599		
Financial revenue	75,747	209,141	128,644	246,281
Other	(4,746)	474	3,109	351
	<u>322,762</u>	<u>352,214</u>	<u>131,753</u>	<u>246,632</u>
Total value added to be distributed	<u>314,365</u>	<u>346,152</u>	<u>1,356,010</u>	<u>1,236,152</u>
Distribution of value added				
Work compensation				
Direct compensation	2,918	2,472	569,383	487,509
Benefits			34,686	26,448
FGTS (Guarantee Fund for Length of Service)			39,113	34,038
	<u>2,918</u>	<u>2,472</u>	<u>643,182</u>	<u>547,995</u>
Taxes, fees, and contributions				
Federal	1,532	1,787	145,784	103,971
State				4
Municipal			89,934	81,053
	<u>1,532</u>	<u>1,787</u>	<u>235,718</u>	<u>185,028</u>
Remuneration of third-party capital				
Interest	150,225	253,547	301,846	400,899
Rent			15,574	13,884
	<u>150,225</u>	<u>253,547</u>	<u>317,420</u>	<u>414,783</u>
Remuneration on equity				
Retained earnings	159,690	88,346	159,690	88,346
	<u>159,690</u>	<u>88,346</u>	<u>159,690</u>	<u>88,346</u>
Distributed value added	<u>314,365</u>	<u>346,152</u>	<u>1,356,010</u>	<u>1,236,152</u>

The Management notes are an integral part of the quarterly information.

1 General information

1.1 Operating context

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

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

The Group has thirty-nine companies, including YDUQS Participações S.A., thirty-three (33) of which are sponsors of a higher education institution, organized as limited liability business companies, and theses comprises a University, twenty-one (21) University Centers, and fifty-one (51) Colleges, accredited and distributed in twenty-five (25) states in the country and in the Federal District.

Recent acquisitions

On June 4, 2020, the Company signed a private purchase and sale instrument to acquire all the units of ownership of Athenas Grupo Educacional ("Grupo Athenas") for the amount of R\$120,000. The acquisition further provides for an earn-out clause for medical courses at R\$600 per authorized slot, totaling a potential amount of R\$180,000, to be paid after the 1st enrollment of the respective courses. On July 20, 2020, the Brazilian Antitrust Authority (CADE) issued a certificate confirming the final decision that examined and approved the acquisition of Grupo Athenas without restrictions, thus the income of the acquired Company was consolidated as from August 1, 2020.

The Company's Board of Directors approved the disclosure of this interim financial information at a meeting held on August 12, 2021.

1.2 Basis for preparation

The quarterly information (parent company and consolidated) was prepared according to the Technical Pronouncement CPC 21 — Interim Statement and the international accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of such information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information - ITR, and show all relevant information related to the financial statements (parent company and consolidated), and only these, which is consistent with the information 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, this statement is presented as supplementary information, without prejudice to this quarterly information.

1.3 Accounting policies

This quarterly information should be read together with the financial statements for the fiscal year ended December 31, 2020, since its purpose is to provide for an update of significant activities, events, and circumstances in relation to those financial statements. In the quarterly information, the accounting policies are being presented in a manner consistent with the accounting practices adopted in the individual and consolidated financial statements of the fiscal year ended December 31, 2020.

**Notes to the financial information
as of June 30, 2021**
In thousands of reais

1.4 Changes to accounting policies and disclosures

New standards effective from 2021

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

1.5 New presentation of comparative figures

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

The effects of resubmission are shown below:

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

Six-month period ended June 30, 2020

Statements of cash flows	Parent Company			Consolidated		
	Original	Adjusted	Represented	Original	Adjusted	Represented
Net cash provided by (used in) operating activities.	(27,127)		(27,127)	745,185		745,185
Application of Securities		90,015	(90,015)		(111,850)	(111,850)
Net cash provided by (used in) investment activities	(2,237,941)	90,015	(2,147,926)	(1,905,991)	(111,850)	(2,017,841)
Net cash used in financing activities	2,594,129		2,594,129	2,459,064		2,459,064
Increase in the balance of cash and cash equivalents	329,061	90,015	419,076	1,298,258	(111,850)	1,186,408
Cash and cash equivalents at the beginning of the period	208,552	(136,573)	71,979	609,112	(368,592)	240,520
Cash and cash equivalents at the end of the period	537,613	(46,558)	491,055	1,907,370	(480,442)	1,426,928
Variation in the balance of cash and cash equivalents	329,061	90,015	419,076	1,298,258	(111,850)	1,186,408

The adjustments did not impact the previously reported balances of net income for the period, shareholders' equity, earnings per share, or the basis for distribution of dividends.

1.6 Covid-19 Effect

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

The measures implemented include the use of information technology resources to offer live classes, using systemic platforms for online communication and collaboration, maintaining the quality levels expected by in-

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class students; normal maintenance of distance learning classes and continuity of business processes, even at distance, which are operating with reduced loss of efficiency.

In the second quarter of 2021, the remaining effects of the COVID-19 pandemic were still present and the main aspect which had an impact on the Company's income was court decisions with effect for the students and/or individualized groups. These effects had a non-recurring impact on net revenue of R\$15.4 million (R\$7 million on June 30 and R\$8.4 million on March 2021).

Additionally, the Company continues to monitor the impacts of the pandemic, the main ones aspects monitored being the following:

- 1) Cash position;
- 2) Accounts Receivable;
- 3) Assessment of the assets' impairment.

2 Notes that were not presented

The quarterly information is being presented in accordance with CPC 21 (R1), IAS 34 and the rules issued by the CVM. Based on this faculty and management's assessment of the relevant impacts of the information to be disclosed, the notes described below are not being presented. The others are being presented in order to enable a perfect understanding of this quarterly information if read together with the notes disclosed in the financial statements as of December 31, 2020.

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 already disclosed in the notes to the financial statements as of December 31, 2020.
- Insurance coverage.
- Other information.

3 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	June 30, 2021	Restated December 31, 2020	June 30, 2021	Restated December 31, 2020
Cash and banks	397	118	50,088	28,407
Financial Bills (Exclusive funds)	18,485	30,124	281,022	138,739
CDB	596,699	301,836	859,587	709,340
CDB (Exclusive funds)	198	695	3,016	6,297
Repurchase	210	1,354	18,560	33,846
Corporate Credit	1,010		34	8,712
Cash and cash equivalents	<u>616,999</u>	<u>334,127</u>	<u>1,212,307</u>	<u>925,341</u>
Federal Government Securities (Investment Fund)	<u>49,608</u>	<u>131,524</u>	<u>755,078</u>	<u>707,935</u>
Bonds and Securities	<u>49,608</u>	<u>131,524</u>	<u>755,078</u>	<u>707,935</u>

The Company has an investments policy that stipulates that investments must be concentrated in low-risk securities and investments at prime financial institutions. As of June 30, 2021, the operations were remunerated based on percentages of the variation of the Interbank Deposit Certificate (CDI), with the exception of government bonds, which are indexed to the Selic rate and fixed rates.

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As of June 30, 2021 and December 31, 2020, all of the Company's financial investments are classified as "fair value through profit or loss".

Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LFs (Financial Bills), government bonds, repurchase agreements with prime banks and issuers. The average return of investment funds on June 30, 2021, was 101.33% of the CDI (on December 31, 2020 the average annual return was 90.10% of the CDI).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 102.08% as of June 30, 2021 (102.61% as of December 31, 2020)

The Company does not have risky financial assets. The information on the Company's exposure to liquidity and market risks is included in Note 19.

4 Accounts receivable

	Consolidated	
	June 30, 2021	December 31, 2020
Monthly tuition fees received from students	1,570,660	1,450,572
FIES (a)	173,455	161,292
Partnership agreements and exchange deals	21,784	13,647
Credit cards receivable (b)	98,097	90,450
Receivable agreements	113,595	125,879
	<u>1,977,591</u>	<u>1,841,840</u>
Provision for doubtful accounts (PCLD)	(653,084)	(694,604)
Unidentified amounts	(39,836)	(23,393)
(-) Adjustment to present value (c)	(27,950)	(19,532)
	<u>1,256,721</u>	<u>1,104,311</u>
Current assets	964,783	890,151
Noncurrent assets	291,938	214,160
	<u>1,256,721</u>	<u>1,104,311</u>

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

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

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

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

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

(c) As of June 30, 2021, the adjustment to present value amounts to R\$27,950 (R\$11,321 related to PAR, R\$13,871 to DIS, and R\$2,758 to Athenas financing), and, as of December 31, 2020, R\$19,532 (R\$12,808 related to PAR and R\$6,724 related to DIS).

The balance of long-term amounts as of June 30, 2021, is related to PAR (Estácio Installment Payment Program), DIS (Dilution of monthly tuition fees) and Athenas installment payment program. The aging breakdown is as follows:

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	Consolidated	
	June 30, 2021	December 31, 2020
2021		13,620
2022	161,249	153,434
2023 to 2027	287,409	181,825
(-) Adjustment to present value	(27,950)	(19,532)
(-) Provision for doubtful accounts	(128,771)	(115,187)
Noncurrent assets	291,938	214,160

The breakdown of receivables by age is presented below:

	Consolidated			
	June 30, 2021	%	December 31, 2020	%
FIES	173,455	9	161,292	9
Yet to fall due	817,113	41	758,955	41
Overdue up to 30 days	208,870	10	201,029	11
Overdue for 31 to 60 days	116,131	6	122,654	7
Overdue for 61 to 90 days	105,852	5	93,975	5
Overdue for 91 to 179 days (i)	134,178	7	127,735	7
Overdue for 180 to 360 days	448,247	22	376,200	20
	<u>2,003,846</u>	<u>100</u>	<u>1,841,840</u>	<u>100</u>

(i) Relevant part of the variation relates to financial products (DIS/PAR transfer) and recent acquisitions.

The breakdown of receivables by age is presented below:

	Consolidated			
	June 30, 2021	%	December 31, 2020	%
Yet to fall due	46,453	41	42,653	34
Overdue up to 30 days	8,937	8	11,394	9
Overdue for 31 to 60 days	9,037	8	8,473	7
Overdue for 61 to 90 days	8,589	7	8,191	6
Overdue for 91 to 179 days	15,745	14	12,731	10
Overdue for 180 to 360 days	24,835	22	42,437	34
	<u>113,596</u>	<u>100</u>	<u>125,879</u>	<u>100</u>

The activity of Provision for doubtful accounts (PCLD), in the consolidated, is as follows:

Balance as of December 31, 2019	471,190
Establishment	535,278
PCLD acquired at the time of acquisition	103,211
Write-off of bills / checks overdue for more than 360 days	(415,075)
Balance as of December 31, 2020	694,604
Establishment	254,620
Write-off of bills / checks overdue for more than 360 days	(296,141)
Balance on June 30, 2021	<u>653,083</u>

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5 Related parties

The main balances as of June 30, 2021 and December 31, 2020, as well as the transactions that influenced the income for the period, related to related-party transactions deriving from transactions between the Company and its subsidiaries. Related-party transactions do not incur interest and/or monetary adjustment.

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

	Parent Company	
	June 30, 2021	December 31, 2020
Current liabilities		
Current account		
Seses	78	78
Subsidiaries	78	78

6 Prepaid expenses

	Consolidated	
	June 30, 2021	December 31, 2020
Insurance	3,850	2,777
IPTU (Urban Real Estate Property Tax)	10,060	148
Advance of vacations and charges	2,127	2,176
Registration fee - MEC	3,514	2,827
Rents to be distributed	1,116	1,982
Technical-pedagogical cooperation - Santa Casa	1,268	1,479
Other prepaid expenses	758	847
	<u>22,693</u>	<u>12,236</u>
Current assets	18,079	8,178
Noncurrent assets	4,614	4,058
	<u>22,693</u>	<u>12,236</u>

In the parent company, the amount of R\$521 in the period ended June 30, 2021, relates to non-life insurance policies (R\$1 related to non-life insurance policies as of December 31, 2020).

7 Taxes and contributions recoverable

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
IRRF (Withholding Income Tax)	29,583	29,985	38,745	39,088
IRPJ/CSLL Prepayments			2,860	11,335
IRPJ/CSLL to be offset (i)	27,238	17,620	79,104	99,952
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)			4,268	3,709
ISS (Services Tax)			70,544	66,496
National Institute of Social Security (INSS)			24,944	24,247
Other			500	500
	<u>56,821</u>	<u>47,605</u>	<u>220,965</u>	<u>245,327</u>
Current assets	34,557	32,557	100,179	137,601
Noncurrent assets	22,264	15,048	120,786	107,726
	<u>56,821</u>	<u>47,605</u>	<u>220,965</u>	<u>245,327</u>

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

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Notes to the financial information as of June 30, 2021 In thousands of reais

8 Investment in subsidiaries

(a) Parent Company YDUQS Participações S.A.

	June 30, 2021		December 31, 2020	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	4,118,056		3,923,599	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,232,237		1,226,699	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	3,195		3,244	
Ensine.me Serviços Educacionais Ltda. ("EnsineMe")		(30)		(30)
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	249,313		184,610	
	<u>5,602,801</u>	<u>(30)</u>	<u>5,338,152</u>	<u>(30)</u>

The subsidiaries' information is presented below:

June 30, 2021								
Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwill	Income tax on goodwill from downstream merger	Total	Net income (loss) for the period
SESES	100%	3,084,087	5,241,423	1,123,367	4,118,056		4,118,056	182,363
IREP	100%	672,692	1,730,512	560,717	1,169,795	62,442	1,232,237	5,078
NACP	100%	18,204	1,445	(1,750)	3,195		3,195	(349)
EnsineMe (i)	100%	251	32	67	(35)	5	(30)	
Estácio Ribeirão Preto	100%	23,837	357,053	105,510	251,543	(2,230)	249,313	64,669
		<u>7,330,465</u>	<u>1,787,911</u>	<u>5,542,554</u>	<u>62,447</u>	<u>(2,230)</u>	<u>5,602,771</u>	<u>251,761</u>

December 31, 2020								
Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Income tax on goodwill from downstream merger	Total	Net income (loss) for the fiscal year
SESES	100%	2,977,837	4,949,627	1,026,028	3,923,599		3,923,599	156,165
IREP	100%	628,492	1,699,071	534,814	1,164,257	62,442	1,226,699	14,328
NACP	100%	17,364	1,572	(1,672)	3,244		3,244	(1,220)
EnsineMe (i)	100%	251	32	67	(35)	5	(30)	
Estácio Ribeirão Preto	100%	23,837	269,831	82,991	186,840	(2,230)	184,610	89,372
		<u>6,920,133</u>	<u>1,642,228</u>	<u>5,277,905</u>	<u>62,447</u>	<u>(2,230)</u>	<u>5,338,122</u>	<u>258,645</u>

(i) Provision for unsecured liabilities recorded under "Other" in current liabilities of the parent company

The table below presents the overall activity in the investments in subsidiaries in the period ended June 30, 2021 and in the fiscal year ended December 31, 2020:

Investments in subsidiaries as of December 31, 2019	2,612,140
Equity accounting method	258,645
Advance for future capital increase	2,468,200
Capital increase	(26,550)
Granted options	(270)
Restricted shares plan	25,987
Investments in subsidiaries as of December 31, 2020	<u>5,338,152</u>
Equity accounting method	251,761
Advance for future capital increase	300
Granted options	90
Restricted shares plan	12,498
Investments in subsidiaries as of June 30, 2021	<u>5,602,801</u>

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The accounting information of the subsidiaries used to apply the equity accounting method was related to the base date of June 30, 2021.

We present below the information on direct subsidiaries' investments:

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

	June 30, 2021	December 31, 2020
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	104,975	105,077
YDUQS Participações 2. ("ADTALEM")	2,168,185	2,121,705
	<u>2,273,160</u>	<u>2,226,782</u>

We present below the information on SESES' subsidiaries:

June 30, 2021							
	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Net income for the period
UNITOLEDO	100%	3,460	52,522	42,258	10,264	94,711	(102)
ADTALEM	100%	2,037,114	2,083,839	(2,203)	2,086,042	82,143	33,118
			<u>2,136,361</u>	<u>40,055</u>	<u>2,096,306</u>	<u>176,854</u>	<u>33,016</u>

December 31, 2020							
	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Net income for the fiscal year
UNITOLEDO	100%	3,460	49,992	39,626	10,366	94,711	7,695
ADTALEM	100%	1,014,623	2,573,856	534,294	2,039,562	82,143	17,381
			<u>2,623,848</u>	<u>573,920</u>	<u>2,049,928</u>	<u>176,854</u>	<u>25,076</u>

The table below represents the overall activities in the investments of the direct subsidiary SESES in its subsidiaries in the period ended June 30, 2021 and the fiscal year ended December 31, 2020.

Investments in subsidiaries as of December 31, 2019	96,236
Equity accounting method	25,076
Advance for future capital increase	13,040
Granted options	1,955
Acquisition of Subsidiary	2,008,196
Goodwill on the acquisition	<u>82,279</u>
Investments in subsidiaries as of December 31, 2020	<u>2,226,782</u>
Equity accounting method	33,016
Advance for future capital increase	12,320
Restricted shares plan	(308)
Granted options	<u>1,350</u>
Investments in subsidiaries as of June 30, 2021	<u>2,273,160</u>

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

	June 30, 2021	December 31, 2020
Sociedade Educacional Atual da Amazônia ("ATUAL")	609,964	604,267
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	6,539	7,283
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	23,567	25,828
Athenas Serviços Administrativos Ltda ("ATHENAS")	4,914	4,766
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	45,679	40,424
Pimenta Bueno Serviços Educacionais LTDA ("PIMENTA BUENO")	2,127	1,702
Centro Educacional Rolim de Moura Ltda ("CENTRO ROLIM")	12,843	9,887
União Educacional Meta Ltda ("UNIÃO META")	51,373	48,082
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	85,473	81,704
	842,479	823,943

We present below the information on IREP's subsidiaries:

June 30, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net profit (loss) for the period
ATUAL	100%	43,793	632,375	37,914	594,461	15,503	609,964	2,417
FAL	100%	21,801	7,470	9,007	(1,537)	8,076	6,539	(2,114)
FATERN	100%	9,160	19,667	11,079	8,588	14,979	23,567	(2,261)
ATHENAS	100%	6,681	155	1,221	(1,066)	5,980	4,914	(2,318)
UNIJIPA	100%	20,118	39,575	20,868	18,707	26,972	45,679	4,255
PIMENTA BUENO	100%	4,777	7,310	4,069	3,241	(1,114)	2,127	405
CENTRO ROLIM	100%	8,767	22,165	12,730	9,435	3,408	12,843	2,306
UNIÃO META	100%	27,033	57,291	38,767	18,524	32,849	51,373	2,855
CENTRO PANTANAL	100%	12,661	32,279	20,438	11,841	73,632	85,473	4,206
			818,287	156,093	662,194	180,285	842,479	9,751

December 31, 2020

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net income (loss) for the fiscal year
ATUAL	100%	43,478	647,156	58,392	588,764	15,503	604,267	15,236
FAL	100%	20,781	9,158	9,951	(793)	8,076	7,283	(2,488)
FATERN	100%	9,160	13,991	3,142	10,849	14,979	25,828	(2,817)
ATHENAS	100%	4,951	386	1,600	(1,214)	5,980	4,766	(134)
UNIJIPA	100%	20,118	29,417	15,965	13,452	26,972	40,424	(86)
PIMENTA BUENO	100%	3,542	6,633	3,817	2,816	(1,114)	1,703	(556)
CENTRO ROLIM	100%	7,414	17,495	11,016	6,479	3,408	9,887	(132)
UNIÃO META	100%	27,033	51,558	36,325	15,233	32,849	48,082	(118)
CENTRO PANTANAL	100%	12,661	24,435	16,363	8,072	73,630	81,703	1,000
			800,229	156,571	643,658	180,283	823,943	9,905

The table below represents the overall activities in the investments of the direct subsidiary IREP in its subsidiaries in the period ended June 30, 2021 and the fiscal year ended December 31, 2020:

Investments in subsidiaries as of December 31, 2019	623,802
Equity accounting method	9,905
Acquisition of Subsidiary	38,029
Goodwill on the acquisition	141,726
Advance for future capital increase	10,386
Granted Options	95
Investments in subsidiaries as of December 31, 2020	823,943
Equity accounting method	9,751
Advance for future capital increase	8,785
Investments in subsidiaries as of June 30, 2021	842,479

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

	June 30, 2021	December 31, 2020
Sociedade Educacional da Amazônia ("SEAMA")	62,353	58,243
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	1,922	1,945
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	16,931	17,593
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	1,077	1,244
União Luis Educacional S.A. ("SÃO LUIS")	88,270	84,955
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	45,860	47,703
Associação de Ensino de Santa Catarina ("ASSESC")	4,559	5,309
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	50,806	52,022
Instituto de Estudos Superiores da Amazônia ("IESAM")	106,980	103,026
Centro de Ensino Unificado de Teresina ("CEUT")	58,293	56,380
Faculdade Nossa Cidade ("FNC")	88,307	91,033
Faculdades Integradas de Castanhal Ltda. ("FCAT")	46,150	44,639
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	8,173	9,344
	<u>579,681</u>	<u>573,436</u>

We present below the information on ATUAL's subsidiaries:

June 30, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Goodwill	Total	Net income (loss) for the period
SEAMA	100%	4,407	62,072	17,754	44,318	18,035		62,353	4,110
IDEZ	100%	10,437	3,982	4,107	(125)	2,047		1,922	(1,193)
FARGS	100%	8,606	24,559	15,683	8,876	8,055		16,931	(662)
UNIUL	100%	10,438	1,159	1,038	121	956		1,077	(197)
SÃO LUIS	100%	3,819	91,750	30,848	60,902	27,368		88,270	3,315
FACITEC	100%	6,081	84,406	65,200	19,206	26,654		45,860	(1,873)
ASSESC	100%	3,415	13,133	13,297	(164)	4,723		4,559	(1,320)
Estácio Amazonas	100%	48,797	58,971	34,379	24,592	26,214		50,806	(1,216)
IESAM	100%	14,980	81,981	13,472	68,509	26,797	11,674	106,980	4,065
CEUT	100%	16,938	50,650	19,925	30,725	27,568		58,293	1,913
FNC	100%	22,328	44,562	28,301	16,261	72,046		88,307	(2,726)
FCAT	100%	12,191	57,214	31,185	26,029	20,121		46,150	1,511
FUFS	100%	14,393	8,806	6,888	1,918	6,255		8,173	(1,871)
			<u>583,245</u>	<u>282,077</u>	<u>301,168</u>	<u>266,839</u>	<u>11,674</u>	<u>579,681</u>	<u>3,856</u>

December 31, 2020

	Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Goodwill	Total	Net income (loss) for the fiscal year
SEAMA	100%	4,407	56,276	16,068	40,208	18,035		58,243	8,536
IDEZ	100%	9,247	3,577	3,679	(102)	2,047		1,945	(2,040)
FARGS	100%	8,606	17,954	8,416	9,538	8,055		17,593	(1,019)
UNIUL	100%	10,328	1,168	880	288	956		1,244	(462)
SÃO LUIS	100%	3,819	82,678	25,091	57,587	27,368		84,955	(1,540)
FACITEC	100%	6,051	84,041	62,992	21,049	26,654		47,703	(1,134)
ASSESC	100%	2,916	11,754	11,168	586	4,723		5,309	(1,230)
Estácio Amazonas	100%	48,797	56,158	30,350	25,808	26,214		52,022	1,250
IESAM	100%	14,980	73,024	8,580	64,444	26,797	11,785	103,026	8,398
CEUT	100%	16,938	44,839	16,027	28,812	27,568		56,380	7,847
FNC	100%	22,328	44,616	25,629	18,987	72,046		91,033	(1,159)
FCAT	100%	12,191	46,764	22,246	24,518	20,121		44,639	8,031
FUFS	100%	13,593	9,009	5,920	3,089	6,255		9,344	(4,788)
			<u>531,858</u>	<u>237,046</u>	<u>294,812</u>	<u>266,839</u>	<u>11,785</u>	<u>573,436</u>	<u>20,690</u>

**Notes to the financial information
as of June 30, 2021
In thousands of reais**

The table below represents the overall investments activities of the direct subsidiary ATUAL in its subsidiaries in the period ended June 30, 2021 and the fiscal year ended December 31, 2020:

Investments in subsidiaries as of December 31, 2019	553,793
Equity accounting method	20,690
Advance for future capital increase	2,090
Amortization of goodwill	(3,256)
Granted options	24
Capital increase	95
Investments in subsidiaries as of December 31, 2020	<u>573,436</u>
Equity accounting method	3,856
Advance for future capital increase	2,500
Amortization of goodwill	<u>(11,785)</u>
Investments in subsidiaries as of June 30, 2021	<u>568,007</u>

9 Intangible Assets

(a) Intangible Assets - Parent Company

	December 31, 2020		June 30, 2021
	Cost	Additions	Cost
Cost			
Goodwill on investments' acquisitions (i)	780,065		780,065
Software use rights	99		99
Integration Project	212		212
Goodwill	79,704		79,704
	<u>860,080</u>		<u>860,080</u>
Amortization	Amortization rates	Amortization	Additions
Software use rights	20% p.a.	(99)	(99)
Integration Project	20% p.a.	(181)	(15)
Goodwill	20 to 33% p.a.	(79,704)	(79,704)
		<u>(79,984)</u>	<u>(15)</u>
			<u>(79,999)</u>
Net residual balance		<u>780,096</u>	<u>(15)</u>
			<u>780,081</u>
	December 31, 2019		June 30, 2020
	Cost	Additions	Cost
Cost			
Goodwill on investments' acquisitions (i)	780,065		780,065
Software use rights	99		99
Integration Project	212		212
Goodwill	79,704		79,704
	<u>860,080</u>		<u>860,080</u>
Amortization	Amortization rates	Amortization	Additions
Software use rights	20% p.a.	(99)	(99)
Integration Project	20% p.a.	(138)	(21)
Goodwill	20 to 33% p.a.	(79,704)	(79,704)
		<u>(79,941)</u>	<u>(21)</u>
			<u>(79,962)</u>
Net residual balance		<u>780,139</u>	<u>(21)</u>
			<u>780,118</u>

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

**Notes to the financial information
as of June 30, 2021**
In thousands of reais

(b) Intangibles assets - Consolidated

		December 31, 2020				June 30, 2021
		Cost	Additions	Transf.	Reclas. for property, plant, and equipment	Cost
Cost						
Goodwill on investments' acquisitions		2,180,477	374			2,180,851
Software use rights		650,949	81,163	18,692	(164)	750,640
EAD and Integration		18,360				18,360
Learning Center		115,366	2,738	6,521		124,625
IT Architecture		21,664				21,664
Online class material		8,043				8,043
Knowledge Factory - EAD		56,724	11,310	739		68,773
Questions database		13,886				13,886
Goodwill (i)		798,755	(489)			798,266
Other		161,356	15,627	(25,952)	622	151,653
		<u>4,025,580</u>	<u>110,723</u>		<u>458</u>	<u>4,136,761</u>
Amortization						
	Amortization rates	Amortization	Additions	Transf.	Reclas. for property, plant, and equipment	Amortization
Goodwill on investments' acquisitions	Indefinite	(6,924)				(6,924)
Software use rights	10 to 20% p.a.	(396,651)	(48,896)		2	(445,545)
EAD and Integration	20% p.a.	(18,210)	(44)			(18,254)
Learning Center	10% p.a.	(56,317)	(6,736)			(63,053)
IT Architecture	17 to 20% p.a.	(20,065)	(550)			(20,615)
Online class material	20% p.a.	(7,783)	(84)			(7,867)
Knowledge Factory - EAD	10% p.a.	(18,984)	(2,887)			(21,871)
Questions database	20% p.a.	(10,484)	(899)			(11,383)
Goodwill (i)	20 to 50% p.a.	(261,651)	(32,347)			(293,998)
Other	20 to 20% p.a.	(41,972)	(11,358)			(53,330)
		<u>(839,041)</u>	<u>(103,801)</u>		<u>2</u>	<u>(942,840)</u>
Net residual balance		<u><u>3,186,539</u></u>	<u><u>6,922</u></u>		<u><u>460</u></u>	<u><u>3,193,921</u></u>

(i) Refers to intangible assets allocated in business combination: Client portfolio, Brands and operating license.

		December 31, 2019					June 30, 2020
		Cost	Additions by Acquisition	Additions	Write-offs	Transf.	Reclass.
Cost							
Goodwill on investments' acquisitions		1,276,056	746,566	136			2,022,758
Software use rights		441,660	59,333	43,778	(13,523)	2,442	533,625
EAD and Integration		18,360					18,360
Learning Center		102,810		8,550		(325)	111,035
IT Architecture		21,664					21,664
Online class material		8,043					8,043
Knowledge Factory - EAD		44,372		4,946			49,318
Questions database		13,122		764			13,886
Goodwill (i)		201,185	601,906		(206)		802,885
Other		70,291	19,485	24,671		(2,117)	112,415
		<u>2,197,563</u>	<u>1,427,290</u>	<u>82,845</u>	<u>(13,729)</u>		<u>3,693,989</u>

**Notes to the financial information
as of June 30, 2021**
In thousands of reais

	<u>Amortization rates</u>	<u>Amortization</u>	<u>Additions by Acquisition</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Transf.</u>	<u>Reclass.</u>	<u>Amortization</u>
Amortization								
Goodwill on investments' acquisitions	Indefinite	(6,924)						(6,924)
Software use rights	10 to 20% p.a.	(293,265)	(23,545)	(34,038)	12,818	34	1	(337,995)
EAD and Integration	20% p.a.	(17,904)		(153)				(18,057)
Learning Center	10% p.a.	(43,147)		(6,490)				(49,637)
IT Architecture	17 to 20% p.a.	(16,220)		(1,923)				(18,143)
Online class material	20% p.a.	(7,457)		(166)				(7,623)
Knowledge Factory - EAD	10% p.a.	(13,578)		(2,519)				(16,097)
Questions database	20% p.a.	(8,002)		(1,307)				(9,309)
Goodwill (i)	2 to 50% p.a.	(158,462)	(50,869)	(12,025)				(221,356)
Other	20 to 50% p.a.	(22,188)	(7,344)	(4,297)		(34)		(33,863)
		<u>(587,147)</u>	<u>(81,758)</u>	<u>(62,918)</u>	<u>12,818</u>		<u>1</u>	<u>(719,004)</u>
Net residual balance		<u>1,610,416</u>	<u>1,345,532</u>	<u>19,927</u>	<u>(911)</u>		<u>21</u>	<u>2,974,985</u>

(i) Refers to intangible assets allocated in business combination: Customer portfolios, brands and operating license.

As of June 30, 2021 and December 31, 2020, net goodwill on acquisitions of investments was represented as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Goodwill on acquisitions of investments net of accumulated amortization				
IREP			89,090	89,090
UNITOLEDO			94,711	94,711
ADTALEM			762,515	762,559
ATHENAS			15,503	141,726
ATUAL			142,144	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			4,724	4,723
IESAM			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,119	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	<u>770,694</u>	<u>770,694</u>	<u>770,694</u>	<u>770,694</u>
	<u>780,065</u>	<u>780,065</u>	<u>2,173,927</u>	<u>2,173,553</u>

The Company carries out annual impairment tests, the last being for the year ended December 31, 2020, related to goodwill on investment acquisitions and mergers, based on expected future profitability for projected future earnings over the next 10 years using a nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any actual growth) and a single nominal discount rate of 14.3% to discount estimated future cash flows.

**Notes to the financial information
as of June 30, 2021**
In thousands of reais

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

	December 31, 2020					June 30, 2021	
	Cost	Addition	Write-offs	Transf.	Reclassif.	Cost	
Cost							
Lands	68,235					68,235	
Buildings	349,601	804		2,461	235	353,101	
Third-party buildings	1,677,964	222,151	(49,927)			1,850,188	
Improvement works in third parties' real estate properties	594,863	19,027	(5,064)	20,186	6,790	635,802	
Furniture and fixtures	207,299	5,002	(913)	(8,980)	44	202,452	
Computers and peripherals	259,175	6,493	(2,246)	(9,710)	1,762	255,474	
Machinery and equipment	176,730	8,906	(2,432)	18,327	(221)	201,310	
Physical activity equipment	111,552	4,348	1,463	(44)	(1,129)	116,190	
Library	211,715	908	(123)			212,500	
Facilities	83,125	1,317	(323)	15	2	84,136	
Constructions in progress	61,452	18,130	(179)	(22,555)	(7,944)	48,904	
Assets retirement	82,677		(17,101)			65,576	
Other	23,627	455	(2)	244	3	24,327	
	3,908,015	287,541	(76,847)	(56)	(458)	4,118,195	
	Depreciation rates	Depreciation	Addition	Write-offs	Transf.	Reclassif.	Depreciation
Depreciation							
Buildings	1.67 to 4% p.a.	(134,616)	(3,045)		46,707	4,143	(86,811)
Third-party buildings	21.60% p.a	(441,625)	(126,063)	14,658			(553,030)
Improvement works in third parties' real estate properties		(238,354)	(31,966)	3,444	(46,707)	(4,143)	(317,726)
Furniture and fixtures	4 to 11.11% p.a.						
Computers and peripherals	8.33 to 10% p.a.	(114,848)	(7,667)	907	8,521		(113,087)
Machinery and equipment	20 to 25% p.a.	(196,514)	(12,778)	2,239	9,868	(3,187)	(200,372)
Physical activity equipment	8.33 to 10% p.a.	(79,202)	(7,520)	2,427	(18,348)	3,185	(99,458)
Library	6.67% p.a.	(36,837)	(2,265)	(1,464)	52		(40,514)
Facilities	5 to 10% p.a.	(116,718)	(4,254)	104			(120,868)
Assets retirement	8.33 to 20% p.a.	(38,293)	(2,791)	279			(40,805)
Other		(46,590)	(5,566)	16,868			(35,288)
	14.44 to 20% p.a.	(13,374)	(1,261)	3	(37)		(14,669)
		(1,456,971)	(205,176)	39,465	56	(2)	(1,622,628)
Net residual balance		2,451,044	82,365	(37,382)		(460)	2,495,567

In the parent company, the amount of R\$4 in the period ended June 30, 2021, relates to computers and peripherals (R\$5 in the fiscal year ended December 31, 2020).

**Notes to the financial information
as of June 30, 2021**
In thousands of reais

	December 31, 2019						June 30, 2020
	Cost	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Cost
Cost							
Lands	19,787	12,346					32,133
Buildings	241,413	82,544	3,110		7,488	(1,462)	333,093
Third-party buildings	1,134,379	343,732	84,014	(7,897)			1,554,228
Improvement works in third parties' real estate properties	364,147	136,953	5,430		34,933	1,521	542,984
Furniture and fixtures	140,155	41,299	6,102	(1,289)	5	53	186,325
Computers and peripherals	182,156	41,937	4,976	(277)		37	228,829
Machinery and equipment	138,724	44,351	5,659	(42,387)	(36)		146,311
Physical activity equipment	87,887		8,870	(14)	38	16	96,797
Library	171,481	32,916	196	(398)			204,195
Facilities	64,946	9,461	3,726			6	78,139
Tablets	9,309			(9,309)			
Constructions in progress	41,790	6,943	45,441		(42,428)	(191)	51,555
Assets retirement	27,471						27,471
Business combination		76,445					76,445
Other	18,342	2,453	281	(11)			21,065
	2,641,987	831,380	167,805	(61,582)		(20)	3,579,570

	Depreciation rates	Depreciation	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(67,310)	(58,434)	(3,368)			247	(128,865)
Third-party buildings	21.60% p.a.	(163,985)	(71,057)	(97,179)	2,295			(329,926)
Improvement works in third parties' real estate properties	4 to 11.11% p.a.	(191,733)		(19,349)			(247)	(211,329)
Furniture and fixtures	8.33 to 10% p.a.	(71,906)	(26,118)	(6,657)	1,242			(103,439)
Computers and peripherals	20 to 25% p.a.	(145,829)	(34,915)	(7,752)	272	(624)	(1)	(188,849)
Machinery and equipment	8.33 to 10% p.a.	(94,621)	(11,449)	(4,320)	43,419	624		(66,347)
Physical activity equipment	6.67% p.a.	(28,005)		(2,880)	8			(30,877)
Library	5 to 10% p.a.	(84,379)	(20,802)	(4,035)	398			(108,818)
Facilities	8.33 to 20% p.a.	(25,970)	(6,382)	(2,483)				(34,835)
Tablets	20% p.a.	(8,901)		(408)	9,309			
Assets retirement		(18,267)		(1,029)				(19,296)
Business combination	2.3 to 33.33% p.a.			(1,166)				(1,166)
Other	14.44 to 20% p.a.	(8,859)	(2,007)	(1,128)	6			(11,988)
		(909,765)	(231,164)	(151,754)	56,949		(1)	(1,235,735)
Net residual balance		1,732,222	600,216	16,051	(4,633)		21	2,343,835

**Notes to the financial information
as of June 30, 2021**
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11 Loans and financing

		Parent Company - Consolidated	
Type	Financial charges	June 30, 2021	December 31, 2020
In local currency			
Fifth debenture issuance (1st Series)	CDI +0.585% p.a.	252,957	252,028
Fifth debenture issuance (2nd Series)	CDI +0.785% p.a.	354,064	352,833
6th issuance of debentures	CDI +2.50% p.a.	1,850,852	
Santander loan	CDI +1.10% p.a.		605,805
Loan ABC	CDI +3.85% p.a.		50,503
Safra Loan	CDI +2.80% p.a.	200,485	200,258
FINEP loan	6% p.a.	2,171	2,474
Itaú CCB Loan	CDI +2.70% p.a.	151,656	151,695
Bradesco CCB Loan	CDI +2.70% p.a.	364,138	362,347
Banco do Brasil CCB Loan	CDI +1.85% p.a.	100,332	100,089
Itaú promissory notes	CDI +2.5% p.a.		361,309
Citibank loan	CDI+2.75% p.a.	76,058	75,825
In foreign currency			
Citibank loan	Libor +1.46 and +0.64 p.a.	321,981	988,584
		<u>3,674,694</u>	<u>3,503,750</u>
Current liabilities		973,702	390,302
Non-current liabilities		<u>2,700,992</u>	<u>3,113,448</u>
		3,674,694	3,503,750

Changes in loans and debentures presented below comprise the periods ended June 30, 2021 and 2020:

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Initial Balance	3,503,750	615,135	3,503,750	615,135
Fundraise	1,886,080	2,599,549	1,886,080	2,599,549
Interest, Monetary Variation	88,074	46,550	88,074	46,550
Exchange Rate Liability SWAP	(160,949)	207,676	(160,949)	207,676
Interest Paid	(83,899)	(25,978)	(83,899)	(25,978)
Amortization of the Principal	(1,545,053)	(294)	(1,545,053)	(294)
Loan funding costs	(13,309)	(5,803)	(13,309)	(5,803)
Closing Balance	3,674,694	3,436,835	3,674,694	3,436,835

**Notes to the financial information
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The amounts recorded as non-current liabilities as of June 30, 2021 and December 31, 2020 present the following maturity schedule:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
2022	358,456	2,612,473	358,456	2,612,473
2023	322,635	325,297	322,635	325,297
2024	172,891	175,553	172,891	175,553
As from 2025	<u>1,847,010</u>	<u>125</u>	<u>1,847,010</u>	<u>125</u>
Non-current liabilities	<u>2,700,992</u>	<u>3,113,448</u>	<u>2,700,992</u>	<u>3,113,448</u>

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 Reais, of which only three are in USD (US dollars).

In January 2021, the Company decided with Citibank to roll the 2nd loan of line 4131 for a total of USD 40,000 (converted to R\$210,000 according to the quote equivalent to the date) with a single principal amortization on January 19, 2022, at the cost of Libor + 1.46% p.a.

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

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

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

In addition to the February settlements, the Company completed the sixth issuance of debentures in the total amount of R\$1,850,000 due on February 18, 2026, in a single series, at a cost of 100% of the CDI + 2.50% p.a., with the first principal amortization on February 18, 2025, in the amount of R\$925,000, and the second principal amortization on February 18, 2026, in the amount of R\$925,000.

In April 2021, the Company fully settled the CCB agreement with Banco ABC in the amount of R\$51,475

The agreements held with several creditors include covenants that require the maintenance of certain financial indexes with previously established parameters. As of June 30, 2021, and in December 2020, the subsidiaries and the parent company reached all indexes required in the agreements.

12 Lease Assets and Liabilities

The lease liability arises from the recognition of future payments and the right to use 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 in practice the additional rate applies for the terms of the contracts:

Contracts	DI X Pre Curve	Risk premium	Estácio Rate	Month Rate
0 to 5 years	7.99%	105.00%	8.39%	0.70%
5 to 10 years	8.68%	105.00%	9.11%	0.73%
10 to 15 years	9.08%	105.00%	9.53%	0.76%
15 to 30 years	9.57%	105.00%	10.05%	0.80%

Lease agreements are secured by the underlying assets.

YDUQS Participações S.A.

Notes to the financial information as of June 30, 2021 In thousands of reais

	June 30, 2021	Consolidated December 31, 2020
Leases payable	2,089,962	1,970,971
Lease interest	(663,267)	(619,647)
	<u>1,426,696</u>	<u>1,351,324</u>
Current liabilities	212,513	199,549
Non-current liabilities	<u>1,214,183</u>	<u>1,151,775</u>
	<u>1,426,696</u>	<u>1,351,324</u>

The increase in lease liabilities arises from the Company's net debt addition. Depreciation and interest are recognized in the statement of income as a replacement of operational lease expenses ("rent").

Changes in leasing assets and liabilities in the period:

Right of use asset

	Buildings From third parties	Others	Consolidated Total
Right of use asset on 12/31/2020	1,236,338	17,320	1,253,658
Additions	222,151	1,403	223,554
Write-offs	(35,269)	(10)	(35,280)
Depreciation	<u>(126,063)</u>	<u>(3,938)</u>	<u>(130,000)</u>
Right of use asset on 06/30/2021	<u>1,297,157</u>	<u>14,775</u>	<u>1,311,932</u>

Lease liabilities

	Buildings From third parties	Others	Consolidated Total
Right of use liabilities on 12/31/2020	1,333,325	17,999	1,351,324
Additions	222,151	1,404	223,555
Write-offs	(38,082)	(10)	(38,092)
Interest incurred	62,754	223	62,977
Payment of principal	<u>(168,542)</u>	<u>(4,526)</u>	<u>(173,068)</u>
Right of use liabilities on 06/30/2021	<u>1,411,607</u>	<u>15,090</u>	<u>1,426,696</u>
Current	205,294	7,219	212,513
Non-current	<u>1,206,312</u>	<u>7,871</u>	<u>1,214,183</u>
	<u>1,411,607</u>	<u>15,090</u>	<u>1,426,696</u>

Right of use asset

	Buildings From third parties	Others	Consolidated Total
Right of use asset on 12/31/2019	970,394	13,298	983,692
Additions by acquisitions	272,675		272,675
Additions	84,014	1,533	85,547
Write-offs	(5,602)	1,039	(4,563)
Depreciation	<u>(97,179)</u>	<u>(3,209)</u>	<u>(100,388)</u>
Right of use asset on 06/30/2020	<u>1,224,302</u>	<u>12,661</u>	<u>1,236,963</u>

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Lease liabilities

	Consolidated		
	Buildings From third parties	Others	Total
Right of use liabilities on 12/31/2019	1,021,766	14,751	1,036,517
Additions by acquisitions	293,459		293,459
Additions	84,025	1,532	85,557
Write-offs	(5,864)	1,039	(4,825)
Interest incurred	53,808	289	54,097
Payment of principal	(131,048)	(3,691)	(134,739)
Right of use liabilities on 06/30/2020	<u>1,316,146</u>	<u>13,920</u>	<u>1,330,066</u>
Current	199,519	5,356	204,875
Non-current	<u>1,116,627</u>	<u>8,564</u>	<u>1,125,191</u>
	<u>1,316,146</u>	<u>13,920</u>	<u>1,330,066</u>

13 Salaries and welfare charges

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Salaries, indemnity amounts and welfare charges payable	780	599	144,397	121,414
Provision for vacation			101,057	80,743
Provision of 13 th salary			44,952	
	<u>780</u>	<u>599</u>	<u>290,406</u>	<u>202,157</u>

14 Tax obligations

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
ISS payable	28	11	28,391	26,627
IRRF payable	154	102	9,845	41,143
PIS and COFINS payable	142	16,469	3,830	23,058
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) payable		6,893	13,146	15,865
IOF (Tax on Financial Transactions) payable			89	2
	<u>324</u>	<u>23,475</u>	<u>55,301</u>	<u>106,695</u>

15 Tax installment payment

	Consolidated	
	June 30, 2021	December 31, 2020
IRPJ and CSLL	1,002	1,298
FGTS (Guarantee Fund for Length of Service)	962	962
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)	578	611
National Institute of Social Security (INSS)	8,658	9,380
Other	505	482
	<u>11,705</u>	<u>12,733</u>
Current liabilities	3,623	3,543
Non-current liabilities	<u>8,082</u>	<u>9,190</u>
	<u>11,705</u>	<u>12,733</u>

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

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

	Consolidated	
	June 30, 2021	December 31, 2020
2022	1,511	2,854
2023	2,758	2,685
2024	2,132	2,119
2025	527	494
2026 to 2029	1,154	1,038
	8,082	9,190

16 Acquisition price payable

	Consolidated	
	June 30, 2021	December 31, 2020
SÃO LUIS	10,074	9,950
CEUT	3,277	3,135
FUFS (i)		2,379
UNITOLEDO	30,425	30,038
ADTALEM	39,420	44,226
ATHENAS	58,079	57,341
	141,275	147,069
Acquisition of real estate properties (ii)	940	813
	142,215	147,882
Current liabilities	55,572	57,936
Non-current liabilities	86,643	89,946
	142,215	147,882

(i) In March 2021, the acquisition of FUFS was settled

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

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

The amounts recorded as non-current liabilities as of June 30, 2021 and December 31, 2020 present the following maturity schedule:

	Consolidated	
	June 30, 2021	December 31, 2021
2021		32,605
2022	28,563	57,341
2023 to 2025	58,080	
	86,643	89,946

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17 Contingencies

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

As of June 30, 2021, and December 31, 2020, the provision for contingencies was comprised as follows:

	Consolidated			
	June 30, 2021		December 31, 2020	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	88,391	49,158	92,453	39,316
Labor	130,209	47,569	123,456	48,602
Tax	36,350	14,935	30,933	14,770
	<u>254,950</u>	<u>111,662</u>	<u>246,842</u>	<u>102,688</u>

The parent company's, in June 30, 2021, the amount of R\$332 relates to contingency liability and success fees (R\$300 in December 31, 2020, of which R\$50 related to civil and R\$250 to tax contingencies) and judicial deposits totaling R\$243 (R\$232 in December 31, 2020).

The activity in the provision for contingencies (Consolidated) is shown below:

	Civil	Labor	Tax	Total
Balances on December 31, 2019	24,073	90,960	3,383	118,416
Additions by Acquisition	7,895	14,638	15,077	37,610
Additions	97,685	78,691	17,245	193,621
Reversals	(15,543)	(5,368)	(7,001)	(27,912)
Write-offs for payments	(31,825)	(55,811)	(693)	(88,329)
Monetary adjustment	10,168	346	2,922	13,436
Balances on December 31, 2020	92,453	123,456	30,933	246,842
Additions	14,533	23,053	8,857	46,443
Reversals	(5,226)	1,448	(3,276)	(7,054)
Write-offs for payments	(19,465)	(24,616)	(2,209)	(46,290)
Monetary adjustment	6,096	6,868	2,045	15,009
Balances on June 30, 2021	<u>88,391</u>	<u>130,209</u>	<u>36,350</u>	<u>254,950</u>

On June 30, 2021, and December 31, 2020, expenses with the provision for contingencies, recognized in the statement of income (Consolidated) were as follows:

	2021	2020
Composition of the income		
Additions	46,443	193,621
Reversals	(7,054)	(27,912)
Monetary adjustment	15,016	13,436
Provision for contingencies	<u>54,405</u>	<u>179,145</u>
General and administrative expenses (Note 24)	(39,396)	(165,717)
Financial income (Note 26)	<u>(15,009)</u>	<u>(13,428)</u>
	<u>54,405</u>	<u>(179,145)</u>

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(a) Civil

Most proceedings involve mainly claims for indemnity for moral and property damages arising from incorrect collections and late issue of diplomas, among other matters of an 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:

Matter	Amounts
Real estate	37,203
Success Fees	15,066
Undue collection	13,955
Pain and Suffering / Property Damage	8,422
Issuance of Certificates of Completion/Diplomas and Graduation	3,630
Enrollment	2,090
FIES	1,720
Procon Fine	1,417
Other	4,888
	88,391

(b) Labor

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

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

Matter	Amounts
Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period	46,882
Overtime + Elimination of Breaks During and Between Shifts	21,049
Deviation from agreed position and salary parity	14,251
Income tax / Interest and Monetary Adjustment	12,379
Employer's social security payment	9,923
Fees	5,484
Fine (Article 467 CLT, Article 477 CLT AND CCT/ACT)	4,760
Success Fees	4,584
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	3,405
Vacation pay	2,230
Pain and Suffering / Property Damage / Moral Harassment	1,824
Other	3,438
	130,209

(c) Tax

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from Law No. 11.096/05 and exclusion of scholarships from the tax calculation basis and fines for alleged non-compliance with ancillary obligations (special regimes of accounting bookkeeping).

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

Matter	Amounts
ISS (Services Tax)	19,393
Success Fees	9,450
IRPJ / CSLL / IRRF	3,513
Social Security Contributions	2,160
PIS (Social Integration Program /COFINS (Social Contribution on Billings)	1,383
Other	451
	36,350

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(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 practices currently in force.

	Consolidated	
	June 30, 2021	December 31, 2020
Civil	233,811	279,487
Labor	543,580	398,831
Tax	985,079	673,390
	1,762,470	1,351,708

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

Civil	Amounts
Real estate	134,548
Pain and Suffering / Property Damage	28,019
Undue collection	24,637
FIES	9,532
Issuance of Certificates of Completion/Diplomas and Graduation	5,777
Enrollment	4,826
Monthly fee	2,806
Accreditation and Cancellation of the Course	2,410
Procon Fine	1,541
Other	19,715
	233,811
Labor	Amounts
Salary and severance differences + decrease in working hours + FGTS + notice period + compensation	191,681
Overtime + Elimination of Breaks During and Between Shifts	74,029
Reintegration	145,102
Fees	35,500
Pain and Suffering / Property Damage / Moral Harassment	20,104
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	19,791
Employer's social security payment	11,129
Fine (Article 467 CLT, Article 477 CLT AND CCT/ACT)	10,809
Deviation from agreed position and salary parity	6,343
Vacation pay	11,259
CTPS Rectification + Indirect Termination + Employment Relationship Recognition	1,027
Other	16,806
	543,580
Tax	Amounts
ISS (Services Tax)	698,500
Contribution to Social security / FGTS	248,184
IRPJ / CSLL / IRRF	18,442
PIS (Social Integration Program /COFINS (Social Contribution on Billings)	8,453
Miscellaneous fines	4,458
Sewage Charges / Fees	1,309
IPTU / FORO / IPVA (Tax on Vehicles)	975
Other	4,758
	985,079

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Among the main proceedings that were not provisioned in the financial information, we can highlight those involving amounts above R\$10,000:

Social security contributions:

- (i) Tax Foreclosures were issued by the National Treasury against SESES, due to the divergence of understanding about the initial date of the rate escalation provided for in article 13 of Law No. 11.096/05 ("PROUNI Law"), aiming at the judicial collection of debts related to alleged differences in the payment of social security contributions. Of the three Tax Foreclosures received, (i) in two there was a partially valid judgment for SESES which is awaiting the judgment of the appeal at the Higher Court, and (ii) in the third, after the presentation of a partially inconclusive expert report, the case is awaiting the conclusion of the case records for judgment. All three Foreclosures are fully guaranteed, and the total amount is R\$42,610.
- (ii) Tax assessment notices were received against SESES for alleged non-performance of the tax liability mainly due to the divergence of understanding about the initial date of the tax rate escalation provided in the art. 13 of Law 11.906/05 ("Lei do PROUNI") for the period from February 2007 to December 2007. The Company appealed requesting the cancellation of the tax assessment notice claiming that they were clearly groundless. The appeal was partially accepted, and considered the percentage of the employers' contributions at the rate of 20% as from the month in which the Company changed from a non-profit entity to a company. The National Treasury filed a Tax Foreclosure to collect the respective debt. SESES filed a Motion against the Tax Foreclosure, the National Treasury filed its contestation and SESES submitted its rebuttal. Currently, we are awaiting the accounting expert analysis and trial by the trial court. The total amount involved is R\$23,343.

ISS - Tax on services:

- (i) Tax Foreclosure distributed by the Municipality of Niterói was received to charge the ISS for the period between January 2004 and January 2007, in view of the alleged suspension of tax immunity, due to alleged non-compliance with the requirements for the enjoyment of immunity provided for in article 14 of the CTN. An expert report was carried out with a favorable report to the company, however, the Municipality of Niterói answered such report, requesting its nullity on the grounds of not having been notified about the scheduled date and place for the realization. The request was accepted and the second expert analysis conducted in November 2019, concluded once again that SESES' accounting records for the disputed period were in full compliance with legal requirements. SESES filed a new statement regarding the new expert analysis. Judgment by the lower court is pending. The total amount involved is R\$44.035.
- (ii) A Tax Foreclosure was brought against Sociedade Tecnopolitana da Bahia Ltda. (STB), merged into IREP in June 2010, for non-payment of Services Tax (ISS) in the period 2007 to February 2011. The assessment arose from a 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. Judgment by the lower court is pending. The total amount involved is R\$21,598.
- (iii) Action for Annulment filed by SESES against the Municipality of Vila Velha, aiming at cancelling ISS debts, resulting from the accusation that they have been allegedly paid or retained in lower amounts in the period of 2006 and 2013. The defense is based on the following arguments (i) partial statute of limitation; (ii) material nullity; and (iii) error in setting the ISS tax base, since they were considered to correspond to scholarships awarded and enrollments cancelled. At the moment, we are awaiting the completion of the expert evidence, the purpose of which is to prove item (iii). In February 2021, the expert evidence was completed in a manner favorable to SESES. A decision at the lower court is awaited. The total amount involved is R\$15,324.
- (iv) Tax Foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from 07/2012 to 11/2013, due to differences in the establishment of the tax basis (deductibility of scholarships from the tax basis of ISS). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. The expert analysis is pending, now the accounting expert and respective technical assistants have been appointed. The total amount involved is R\$12.782

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- (v) Tax Foreclosure filed by the Municipality of São João de Meriti was received referring to alleged ISS credits for the calculation periods of 2011, 2012, 2013 and 2014, presumably due to the non-inclusion of amounts intended for unconditional discounts arising from scholarships in the base calculation of the tax. Motions to Enforcement were filed with a request for recognition of the statutes of limitations of debts overdue up to 3/2014 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. Judgment by the lower court is pending. The total amount involved is R\$15,229.
- (vi) A Tax-Deficiency Notice was issued in the name of SESES to demand ISS debts linked to the following breaches: (i) non-payment of ISS arising from the provision of educational services, for the period from January 2005 to January 2007, considering that, with the corporate transformation into a for-profit company in 2007, SESES would have made the equity available to the partners net accumulated while it was for-profit; (ii) insufficient payment of ISS, for the period of February 2007 and July 2009, resulting from the deduction of the value of scholarships granted under PROUNI from the tax basis and (iii) insufficient payment of ISS, for the period from January 2005 to May 2009, due to the insufficiency of tax collection in the provision of services provided by guard and surveillance companies and property cleaning conservation companies. In 2010 an objection was filed by SESES, and an unfavorable administrative decision was issued in 2014, fully maintaining the Tax-Deficiency Notice. SESES filed a Voluntary Appeal and in 2019 an appellate decision was rendered partially favorable to SESES. SESES and the Municipality of Rio de Janeiro filed an Appeal to the Superior Court of Justice with the Municipal Secretary of Finance of Rio de Janeiro. In 2021, the Municipal Secretary of Finance issued a decision that dismissed the Appeal to the Superior Court of Justice of SESES and granted the Appeal to the Superior Court of Justice of the Municipality of Rio de Janeiro, fully upholding the Tax-Deficiency Notice drawn up against SESES. The total amount involved is R\$407,038.

18 Shareholders' Equity

(a) Capital Stock

The capital stock may be increased by the Board of Directors, irrespective of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As of June 30, 2021, the share capital is represented by 309,088,851 common shares.

The shareholding structure of the Company on June 30, 2021 and December 31, 2020 is presented below:

Shareholders	Common shares			
	June 30, 2021	%	December 31, 2020	%
Managers and directors	995,230	0.3	819,094	0.3
Rose Investment Fund	33,319,073	10.8	33,319,073	10.8
Vontobel	15,923,572	5.2	15,923,572	5.2
Schroder Investment Management	19,503,153	6.3		
Treasury	7,192,643	2.3	7,808,219	2.5
Other (i)	232,155,180	75.1	251,218,893	81.2
	<u>309,088,851</u>	<u>100</u>	<u>309,088,851</u>	<u>100</u>

(i) Free float

(b) Activity of capital shares

There were no changes in the shares during the period ended June 30, 2021.

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(c) Treasury shares

	<u>Quantity</u>	<u>Average Cost</u>	<u>Balance</u>
Treasury shares on December 31, 2020	7,808,219	23.02	179,759
SOP payment using treasury shares (Note 18 d.3)	<u>615,576</u>	<u>22.98</u>	<u>14,146</u>
Treasury shares on June 30, 2021	<u>7,192,643</u>	<u>23.03</u>	<u>165,613</u>

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

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

The share subscription goodwill in the financial statements as of June 30, 2021 and December 31, 2020 is as follows:

	<u>Parent Company</u>	
	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Taxes reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on shares 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>June 30, 2021</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 information date.

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

The goodwill and discount on the sale of treasury shares refers to the difference between the acquisition price that the Company paid for the shares and the sale amount when using the shares to pay for the options granted. The discount on the sale of treasury shares is represented as follows as of June 30, 2021, and December 31, 2020:

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	<u>Quantity of shares</u>	<u>Sale</u>	<u>Amount paid</u>	<u>Discount</u>
Discount as of December 31, 2020	2,724,983	46,513	34,850	11,663
SOP payment in 2021	121,033	2,786	2,448	338
Discount as of June 30, 2021	<u>2,846,016</u>	<u>49,299</u>	<u>37,298</u>	<u>12,001</u>

(e) Profits reserves**(e.1) Legal reserve**

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

(e.2) Retained earnings

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 profit for the year provided for in the capital budget to meet investment and expansion projects. On April 24, 2020, the retention of profits according to item 7.4 (b.ii) was approved in the Ordinary General Meeting.

19 Financial instruments and sensitivity analysis of financial assets and liabilities

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

The Company's assets and liabilities financial instruments as of June 30, 2021 and December 31, 2020 are recorded in equity accounts in amounts comparable to those practiced in the market.

(a) Loans and financing

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

(b) Accounts receivable

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

(c) 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. The Swap transaction, on June 30, 2021, presented a positive fair value of R\$2,189 as a corresponding entry to the results.

We present below the information related to the derivatives financial instruments held by the Company as of June 30, 2021, recorded at fair value with effect on income:

YDUQS Participações S.A.

Notes to the financial information as of June 30, 2021 In thousands of reais

							Market Value (R\$M)		
SWAP Agreements	Principal Contracted (US\$)	Principal Contracted	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Assets	Liabilities	Gross income
Citibank	40,000,000	210,000,000	Libor + 1.46% p.a.	CDI (Interbank Deposit Certificate) + 1.85%	Jan/18/21	Jan/19/22	198,249	211,352	(13,103)
Citibank	25,000,000	109,537,500	Libor + 0.64% p.a.	CDI (Interbank Deposit Certificate) + 0.70%	Feb/27/20	Feb/25/22	123,732	109,971	13,761
Total							321,981	321,323	658

19.1 Fair value hierarchy

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

	Consolidated	
	June 30, 2021	December 31, 2020
Level 2 Financial investments	1,917,297	1,604,869
	<u>1,917,297</u>	<u>1,604,869</u>

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

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

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

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

During the period ended June 30, 2021, there were no transfers arising from fair value measurements between levels 1 and 2, not inside or outside level 3.

19.2 Financial risk factors

All of the Company's operations 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 accounts receivable; 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 related to difficulties in collecting amounts for services provided.

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

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

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate according to the investments policy approved by the Board of Directors. The balances of cash and cash

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equivalents, securities and judicial deposits are held at financial institutions with A to AAA credit rating assigned by the credit rating agencies Standard & Poor's, Fitch and Moody's. In the event of two or more ratings, the rating of the majority shall prevail. In the event of different ratings, the Company adopts the higher rating as a basis.

(b) Interest rate risk

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

(c) Exchange rate risk

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

(d) Liquidity risk

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

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

	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
On June 30, 2021				
Trade payables	209,859			
Loans	1,191,843	913,400	2,464,724	
Financial lease obligations	212,513	299,546	309,133	859,736
Acquisition price payable	55,572	29,016	59,576	
As of December 31, 2020				
Trade payables	251,229			
Loans	390,302	416,646	2,573,734	514,618
Financial lease obligations	199,549	381,125	293,694	838,813
Acquisition price payable	57,936	34,489	60,550	

(e) Sensitivity analysis

The 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 Company's financial instruments are substantially represented by cash and cash equivalents, securities, accounts receivable and payable, escrow deposits, loans and financing, and are registered at cost value, plus income or charges incurred except financial investments are registered at fair value.

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

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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.

Investments linked to 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.

For the purpose of verifying the sensitivity of the index for the financial investments and loans and financing to which the Company was exposed on the base date of June 30, 2021, three different scenarios were defined. Based on the CDI rate officially published by CETIP on June 30, 2021 (2.65% 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 June 30, 2021, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

Scenario for CDI rise				
Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments R\$1,917,297	CDI	4.15% 79,568	5.19% 99,460	6.23% 119,352
Debentures V - 1st T R\$253,118	CDI+0.585%	4.76% 12,047	5.80% 14,688	6.85% 17,330
Debentures V - 2nd T R\$354,622	CDI (Interbank Deposit Certificate) + 0.79%	4.97% 17,616	6.01% 21,324	7.06% 25,032
Citibank (40MM USD) R\$211,353	CDI (Interbank Deposit Certificate) + 0.60%	4.77% 10,092	5.82% 12,298	6.86% 14,504
Citibank (25MM US\$) R\$109,971	CDI (Interbank Deposit Certificate) + 0.70%	4.88% 5,366	5.92% 6,514	6.97% 7,663
CCB - Itaú R\$152,102	CDI (Interbank Deposit Certificate) + 2.70%	6.96% 10,589	8.03% 12,210	9.09% 13,831
CCB - Citibank R\$76,058	CDI (Interbank Deposit Certificate) + 2.75%	7.01% 5,335	8.08% 6,146	9.15% 6,956
CCB - Bradesco R\$365,542	CDI (Interbank Deposit Certificate) + 2.70%	6.96% 25,449	8.03% 29,344	9.09% 33,239
CCB - Safra	CDI (Interbank Deposit Certificate) + 2.80%	7.07%	8.13%	9.20%

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R\$200,485		14,167	16,305	18,443
CCB - BB R\$100,332	CDI (Interbank Deposit Certificate) + 1.85%	6.08%	7.13%	8.19%
		6,097	7,157	8,217
Debentures VI R\$1,863,274	CDI (Interbank Deposit Certificate) + 2.50%	6.75%	7.82%	8.88%
		125,841	145,656	165,470
Net position		R\$(153,031)	R\$(172,182)	R\$(191,333)

Scenario fall of CDI

Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments R\$1,917,297	CDI	4.15%	3.11%	2.08%
		79,568	59,676	39,784
Debentures V - 1st T R\$253,118	CDI+0.585%	4.76%	3.72%	2.67%
		12,047	9,405	6,764
Debentures V - 2nd T R\$354,622	CDI (Interbank Deposit Certificate) + 0.79%	4.97%	3.92%	2.88%
		17,616	13,908	10,200
Citibank (40MM USD) R\$211,353	CDI (Interbank Deposit Certificate) + 0.60%	4.77%	3.73%	2.69%
		10,092	7,886	5,680
Citibank (25MM US\$) R\$109,971	CDI (Interbank Deposit Certificate) + 0.70%	4.88%	3.83%	2.79%
		5,366	4,217	3,068
CCB - Itaú R\$152,102	CDI (Interbank Deposit Certificate) + 2.70%	6.96%	5.90%	4.83%
		10,589	8,969	7,348
CCB - Citibank R\$76,058	CDI (Interbank Deposit Certificate) + 2.75%	7.01%	5.95%	4.88%
		5,335	4,524	3,713
CCB - Bradesco R\$365,542	CDI (Interbank Deposit Certificate) + 2.70%	6.96%	5.90%	4.83%
		25,449	21,554	17,659
CCB - Safra R\$200,485	CDI (Interbank Deposit Certificate) + 2.80%	7.07%	6.00%	4.93%
		14,167	12,028	9,890

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CCB - BB R\$100,332	CDI (Interbank Deposit Certificate) + 1.85%	6.08%	7.13%	8.19%
		6,097	7,157	8,217
Debentures VI R\$1,863,274	CDI (Interbank Deposit Certificate) + 2.50%	6.75%	5.69%	4.63%
		125,841	106,026	86,211
Net position		R\$(153,031)	R\$(135,998)	R\$(118,966)

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

The sensitivity analysis related to foreign exchange risk refers to the position on June 30, 2021, and seeks to simulate how an exchange rate stress could affect the Company.

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 2021 disclosed in the last Focus Report - BACEN prior 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.

Operations	Risk	Scenario for dollar rise		
		Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg 321,981	Exchange rate	5.04 328,167	6.30 410,208	7.56 492,250
Debt in US\$ 321,323	Exchange rate	5.04 327,496	6.30 409,370	7.56 491,245
Net position		670	838	1,005

(f) Capital Management

The Company's debt in relation to Shareholders' Equity for the period ended June 30, 2021, and for the year ended December 31, 2020, is presented below as consolidated date:

	Consolidated	
	June 30, 2021	December 31, 2020
Loans and financing (Note 11)	3,674,694	3,503,750
(-) Cash and cash equivalents (Note 3)	(1,212,307)	(925,341)
(-) Financial Instruments - SWAP (Note 19)	(658)	(161,599)
Net debt	2,461,729	2,416,810
Shareholders' Equity	3,261,916	3,204,969
Net debt on equity	0.75	0.75

(g) Offsetting of financial instruments

There are no significant assets or liabilities subject to contractual offsetting as of June 30, 2021, and December 31, 2020.

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 remuneration of directors. It is incumbent upon the Board of Directors to distribute the funds among the directors.

In the periods ended June 30, 2021 and 2020, the total compensation (salaries and profit sharing) of the Company's directors, officers and main executives was R\$28,289 and R\$26,270, 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 employees, except for the shares option plan described in Note 20 (b).

(b) Shares option plan

The history and the details of the shares option plans did not change in relation to the information presented in the financial statements as of December 31, 2020.

As of June 30, 2021, the number of options granted, which were exercised and accumulated from all programs, was 13,434,662 shares (R\$116,870), of which 11,218,904 shares from closed programs and 2,215,758 shares from active programs. The total number of shares granted, less the forfeited shares is 16,903,402 shares (R\$156,942), of which 12,042,223 were shares of closed programs and 4,861,179 were shares of active programs.

Granted options programs with balance of shares to be exercised:

Programs	Granted	Options Forfeited	Options Abandoned	Issued	Balance of shares
6P	5,090,000	2,247,000	1,919,419	866,714	56,867
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	554,010	20,255	350,705	66,040
Overall Total	9,058,789	4,197,610	2,430,754	2,215,758	214,667

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

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

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

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Program	End of Grace Period	Maturity Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Payment of Dividends	Risk-free Interest Rate	Option Estimated Life (years)	Fair value	Quantity Forfeited
11th Program Apr17	04/23/2018	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	6.14	13,500
11th Program Apr17	04/23/2019	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	6.84	86,000
11th Program Apr17	04/23/2020	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	7.41	132,500
11th Program Apr17	04/23/2021	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	7.86	132,500
11th Program Apr17	04/23/2022	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	8.26	132,500
11th Program Apr17 Cons.	04/23/2018	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	0	6.14	25,505
11th Program Apr17 Cons.	04/23/2019	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	0	6.84	25,505
10th Program Jul16	04/15/2017	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	6.89	2,000
10th Program Jul16	04/15/2018	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	7.89	33,000
10th Program Jul16	04/15/2019	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	8.61	153,000
10th Program Jul16	04/15/2020	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	9.18	183,000
10th Program Jul16	04/15/2021	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	9.64	183,000
10th Program Jul16 Cons.	04/15/2017	07/19/2026	32,890	R\$ 15.12	59.18%	0.00%	12.50%	0	6.89	0
10th Program Jul16 Cons.	04/15/2018	07/19/2026	32,889	R\$ 15.12	59.18%	0.00%	12.50%	0	7.89	0
9th Program Apr16	04/15/2017	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	6.02	20,000
9th Program Apr16	04/15/2018	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	6.66	20,000
9th Program Apr16	04/15/2019	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.14	80,000
9th Program Apr16	04/15/2020	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.52	80,000
9th Program Apr16	04/15/2021	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.83	80,000
9th Program Apr16 Cons.	04/15/2017	05/01/2019	450,000	R\$ 11.87	54.57%	0.00%	12.93%	0	3.17	100,000
9th Program Apr16 Cons.	04/15/2018	05/01/2020	450,000	R\$ 11.87	54.57%	0.00%	12.93%	0	4.43	100,000
8P Program	04/15/2016	04/15/2026	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	5.45	2,000
8P Program	04/15/2017	04/15/2027	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	6.42	56,800
8P Program	04/15/2018	04/15/2028	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	7.2	81,200
8P Program	04/15/2019	04/15/2029	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	7.88	150,200
8P Program	04/15/2020	04/15/2030	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	8.47	173,200
7P Program Oct 2014	04/15/2015	04/15/2025	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	8.58	16,000
7P Program Oct 2014	04/15/2016	04/15/2026	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	9.71	37,000
7P Program Oct 2014	04/15/2017	04/15/2027	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	10.64	86,000
7P Program Oct 2014	04/15/2018	04/15/2028	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	11.47	104,400
7P Program Oct 2014	04/15/2019	04/15/2029	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	12.24	135,800
6P Program Aug 2014	04/15/2015	04/15/2025	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	14.48	0
6P Program Aug 2014	04/15/2016	04/15/2026	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	15.1	28,000
6P Program Aug 2014	04/15/2017	04/15/2027	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	15.74	28,000
6P Program Aug 2014	04/15/2018	04/15/2028	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	16.38	28,000
6P Program Aug 2014	04/15/2019	04/15/2029	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	16.98	44,000
6P Program Aug 2014 Cons.	04/15/2015	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	0	14.43	0
6P Program Aug 2014 Cons.	04/15/2016	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	0	15.02	0
6P Program July 2014	04/15/2015	04/15/2025	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	15.13	0
6P Program July 2014	04/15/2016	04/15/2026	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	15.76	80,000
6P Program July 2014	04/15/2017	04/15/2027	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	16.41	602,000
6P Program July 2014	04/15/2018	04/15/2028	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	17.05	608,000
6P Program July 2014	04/15/2019	04/15/2029	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	17.65	608,000
6P Program July 2014 Cons.	04/15/2015	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	0	15.09	0
6P Program July 2014 Cons.	04/15/2016	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	0	15.69	0
6P Program Oct 2013	04/15/2014	04/15/2024	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	5.05	5,000
6P Program Oct 2013	04/15/2015	04/15/2025	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	5.79	5,000
6P Program Oct 2013	04/15/2016	04/15/2026	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	6.4	19,000
6P Program Oct 2013	04/15/2017	04/15/2027	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	6.94	88,000
6P Program Oct 2013	04/15/2018	04/15/2028	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	7.43	104,000
5P 3 Program	04/15/2014	04/15/2024	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	6.37	0
5P 3 Program	04/15/2015	04/15/2025	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	7.02	21,000
5P 3 Program	04/15/2016	04/15/2026	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	7.6	102,000
5P 3 Program	04/15/2017	04/15/2027	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	8.11	102,000
5P 3 Program	04/15/2018	04/15/2028	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	8.58	123,000
4P Program Jan 2013	04/15/2014	04/15/2024	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.23	7,200
4P Program Jan 2013	04/15/2015	04/15/2025	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.35	7,200
4P Program Jan 2013	04/15/2016	04/15/2026	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.48	7,200
4P Program Jan 2013	04/15/2017	04/15/2027	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.62	88,200
4P Program Jan 2013	04/15/2018	04/15/2028	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.75	94,200

In compliance with the provisions of the technical pronouncement CPC 10 (R1), the share-based payments that were open on June 30, 2021, and December 31, 2020, were measured and recognized by the Company.

The Company recognizes the share options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of income, as general and administrative expenses, in the line item personal and welfare charges. In the period ended June 30, 2021, a provision of R\$90 was recognized

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(reversal of R\$270 in the fiscal year ended December 31, 2020). As of June 30, 2021, the provision amounted to R\$74,783 (R\$74,693 as of December 31, 2020).

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

Executive Board

	June 30, 2021		December 31, 2020	
	Average price for the share exercise	Options - millions	Average price for the share exercise	Options - millions
January 1,	13.88	38,000	13.88	149,000
Granted			17.82	21,000
Exercised	18.63	26,000	15.55	26,000
Forfeited			14.59	64,000
	15.81	12,000	13.10	38,000

Board of directors

	June 30, 2021		December 31, 2020	
	Average price for the share exercise	Options - millions	Average price for the share exercise	Options - millions
January 1,	10.13	65,779	10.13	65,779
Abandoned			10.13	65,779
	10.13	65,779	10.13	65,779

(c) Performance Share Program

On October 18, 2018, the special general meeting approved the Company's new Restricted Share Option 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 add value to the company in the long term; (c) aligning the interests of the beneficiaries with the shareholders' interests; and (d) encouraging the retention of managers and employees at the Company or in the companies under its control.

The managers and employees of the Company or of the 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 compensation plans based on the Company's shares (which will be considered in the calculation of the total limit established herein), the total limit of 3% of the Company's capital stock on the date of approval of each Program.

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

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

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

For the Restricted Shares Granting Plan, the provision for the program in the fiscal year ended June 30, 2021 is R\$13,167 (R\$26,045 as of December 31, 2020). The accumulated provision as of June 30, 2021 is R\$30,791 (R\$29,009 as of December 31, 2020).

As of June 30, 2021, the number of shares granted and delivered was 1,605,790 shares, and the total shares granted amounted to 7,637,900 shares.

Programs	Granted	Additional shares dividends	Additional shares performance	Shares delivered	Unvested	Cancelled	Forfeited
1P	1,395,500	85,724	40,825	567,907	301,040	49,900	603,200
1P - Cons.	130,000	9,441		139,441			
1P - Esp.	300,000	25,963	16,158	183,637	153,194	5,289	
2P	879,000	10,776	41,500	354,175	432,351	252	144,500
2P - Cons.	98,000	1,813		7,130	85,554	129	7,000
2P - Esp.	100,000	1,480	5,000	45,370	61,110		
3P	630,000	10,175			560,175		80,000
3P - Esp.	200,000	3,700			203,700		
4P	100,000	1,480	5,000	45,370	61,110		
5P	80,000	1,480			81,480		
6P	1,389,600	18,211		262,760	975,921	1,131	168,000
7P	445,000	3,515			373,515		75,000
8P	460,000	8,510			468,510		
9P	100,000				100,000		
10P	1,330,800				1,330,800		
Overall Total	7,637,900	182,268	108,483	1,605,790	5,188,460	56,701	1,077,700

21 Earnings per share

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

(a) Earnings per share - basic

	<u>2021</u>	<u>2020</u>
Numerator		
Net income for the period	159,690	88,346
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	<u>301,473</u>	<u>300,911</u>
Net earnings per lot of 1000 shares - basic	<u>0.52970</u>	<u>0.29360</u>

(b) Earnings per share – diluted

	<u>2021</u>	<u>2020</u>
Numerator		
period	159,690	88,346
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,473	300,911
Potential increase in the number of shares due to the stock option plan	<u>1,331</u>	<u>1,957</u>
Weighted average of outstanding shares	<u>302,804</u>	<u>302,868</u>
Net earnings per lot of 1000 shares - diluted	<u>0.52737</u>	<u>0.29170</u>

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22 Net revenue from services provided

	Consolidated	
	2021	2020
Gross revenues -in-class	3,112,997	2,791,722
Gross revenue - distance learning	1,325,687	924,020
	<u>4,438,684</u>	<u>3,715,742</u>
Deduction from gross revenue	(2,195,712)	(1,801,375)
Grants - scholarships (i)	(2,027,025)	(1,655,366)
Refund of monthly tuition fees and charges	(17,934)	(10,261)
Discounts granted (ii)	(44,914)	(34,683)
Taxes	(82,263)	(77,654)
Adjustment to present value - PAR/DIS	1,487	(140)
FGEDUC	(7,147)	(18,122)
Other	(17,916)	(5,149)
	<u>2,242,972</u>	<u>1,914,367</u>

- (i) Refers to the provision made for court decisions in the amount of R\$15.4 (Note 1.6 (i))
(ii) Refers to the punctuality discount of subsidiary Adtalem.

23 Costs of services provided

	Consolidated	
	2021	2020
Personnel and welfare charges	(592,953)	(536,445)
Electricity, water, gas and telephony	(17,584)	(15,553)
Rental, condominium fees and IPTU (i)	(25,987)	(20,438)
Postage and Mailbags	(809)	(549)
Depreciation and amortization	(208,702)	(150,872)
Teaching material	(3,520)	(2,578)
Third-party services - security and cleaning	(26,975)	(21,896)
Other	(81,511)	(44,578)
	<u>(958,041)</u>	<u>(792,909)</u>

24 Selling, general and administrative expenses

	Parent Company		Consolidated	
	2021	2020	2021	2020
Selling expenses				
Provision for doubtful accounts (Note 4)			(254,620)	(300,831)
Advertising			(185,991)	(142,225)
Sales and marketing			(42,419)	(34,401)
Other			(153)	(83)
			<u>(483,183)</u>	<u>(477,540)</u>
General and administrative expenses				
Personnel and welfare charges	(3,305)	(3,665)	(173,339)	(116,132)
Third-party services	(1,978)	(2,644)	(61,584)	(64,812)
Consumables			(987)	(838)
Maintenance and repairs	(56)	(51)	(38,657)	(21,216)
Depreciation and amortization	(17)	(24)	(100,275)	(63,800)
Educational agreements			(12,702)	(11,209)
Travel and accommodation	(2)	(5)	(2,736)	(2,264)
Institutional events			(271)	(251)
Provision for contingencies (Note 17)	(43)	50	(39,357)	(94,478)
Photocopies and bookbinding			(1,891)	(1,532)
Insurance	(6,199)	(3,265)	(7,026)	(4,692)
Cleaning material			(1,150)	(1,823)
Transportation	(8)	(1)	(1,843)	(1,296)
Vehicle rental			(2,241)	(1,123)
Other	(200)	(148)	(13,660)	(25,177)
	<u>(11,808)</u>	<u>(9,753)</u>	<u>(457,719)</u>	<u>(410,643)</u>

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25 Other operating revenues/expenses

	Parent Company		Consolidated	
	2021	2020	2021	2020
Revenues with agreements	1,512	1,511	2,278	1,511
Lease revenues			1,848	3,198
Business intermediation			401	1,187
Gain on disposal of fixed assets			8,887	(14)
Provision for losses other revenue			(1,823)	(4,845)
Other operating expenses			(2,594)	(49)
	<u>1,512</u>	<u>1,511</u>	<u>8,997</u>	<u>988</u>

26 Financial income

	Parent Company		Consolidated	
	2021	2020	2021	2020
Financial revenues				
Late payment fines and interest			19,368	17,314
Revenues from financial investments	8,110	10,162	22,249	20,870
Derivatives fair value (SWAP) (i)	66,797	198,016	66,797	198,016
Tax credits adjustment	424	446	1,196	2,867
PAR adjustment			4,203	(1,382)
DIS adjustment			8,077	(3,774)
Other			3,673	10,134
	<u>75,331</u>	<u>208,624</u>	<u>125,563</u>	<u>244,045</u>
Financial expenses				
Bank expenses	(534)	(260)	(4,936)	(6,771)
Interest and financial charges	(73,541)	(33,760)	(81,228)	(48,042)
Adjustment of provision for contingencies (Note 17)	(32)	(2)	(15,009)	806
Financial deductions (i)			(51,853)	(60,958)
Negative exchange variation			(6,911)	(2,462)
Interest and exchange variation on loans (SWAP) (i)	(76,100)	(219,276)	(76,100)	(219,276)
Expenses with loans	(6,412)	(1,190)	(6,412)	(1,190)
Lease interest - Right of use			(62,977)	(54,095)
Other	(18)	(249)	(2,832)	(10,102)
	<u>(156,637)</u>	<u>(254,737)</u>	<u>(308,258)</u>	<u>(402,090)</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.

27 Income by business segment

	In-class courses		EAD (Distance Learning)		Consolidated	
	2021	2020	2021	2020	2021	2020
Gross operating revenue	3,112,997	2,791,722	1,325,687	924,020	4,438,684	3,715,742
(-) Gross revenue deductions	(1,531,952)	(1,352,119)	(663,760)	(449,256)	(2,195,712)	(1,801,375)
Net operating revenue	<u>1,581,045</u>	<u>1,439,603</u>	<u>661,927</u>	<u>474,764</u>	<u>2,242,972</u>	<u>1,914,367</u>
Costs of services provided	(839,453)	(721,325)	(118,588)	(71,584)	(958,041)	(792,909)
Personnel	(559,980)	(507,712)	(32,973)	(28,733)	(592,953)	(536,445)
Rental, condominium fees and IPTU (i)	(26,394)	(20,390)	407	(48)	(25,987)	(20,438)
Teaching material	(4,131)	(2,985)	(198)	(142)	(4,329)	(3,127)
Third parties' services and other	(46,867)	(40,932)	(79,203)	(41,095)	(126,070)	(82,027)
Depreciation	(202,081)	(149,306)	(6,621)	(1,566)	(208,702)	(150,872)
Gross income	<u>741,592</u>	<u>718,278</u>	<u>543,339</u>	<u>403,180</u>	<u>1,284,931</u>	<u>1,121,458</u>

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Consolidating the strategy plan with the creation of multi-brands, in 2021, the Company will present the result in 3 large generating units, being on-site operations, digital education and premium.

	In-class courses	Digital	Premium	Total
Gross Revenue	2,671,420	1,271,027	496,238	4,438,685
Deductions	(1,485,632)	(624,974)	(85,107)	(2,195,713)
Net revenue (Note 22)	1,185,788	646,053	411,131	2,242,972
Costs of the services provided (Note 23)	(481,822)	(120,163)	(147,356)	(749,340)
Personnel and welfare charges	(414,810)	(41,055)	(137,088)	(592,953)
Rental, condominium fees and IPTU (i)	(21,873)	526	(4,641)	(25,987)
Postage and Mailbags	(409)	(317)	(83)	(809)
Teaching material	(2,775)	(6)	(738)	(3,520)
Third parties' services and other	(41,955)	(79,310)	(4,805)	(126,070)
Depreciation and amortization (Note 23)	(172,393)	(7,820)	(28,490)	(208,702)
Gross income	531,573	518,071	235,286	1,284,931
Selling expenses (Note 24)	(344,550)	(196,640)	(40,429)	(581,619)
General and administrative expenses (Note 24)	(138,477)	(79,690)	(40,841)	(259,007)
Depreciation and amortization (Note 24)	(52,459)	(32,802)	(15,014)	(100,275)
Other Revenue/Expenses (Note 25)	5,068	2,284	1,644	8,997
Operating income (expenses)	1,155	211,223	140,646	353,027

28 Income tax and social contribution

The reconciliation of taxes assessed according to nominal tax rates and the amount of tax recorded for the periods ended June 30, 2021 and 2020 are presented below:

	Parent Company		Consolidated	
	2021	2020	2021	2020
Income before income tax and social contribution	160,159	88,244	170,331	76,218
Nominal rate combined from income tax and social contribution - %	34	34	34	34
Income tax and social contribution at legislation rates	(54,454)	(30,003)	(57,912)	(25,914)
Equity accounting method	85,599	48,483		
Goodwill			(510)	2,435
Depreciation (i)			560	(54)
Non-deductible expenses (ii)	(1)		755	(529)
Interest on Equity				
Tax loss - not constituted	(30,848)	(18,378)	(37,424)	(18,085)
Other			186	55
	296	102	(94,345)	(42,092)
Tax benefits				
Tax incentives - PROUNI			83,698	54,018
Tax Incentive - Lei Rouanet			770	202
Current and deferred income tax and social contribution in the income for the period	296	102	(9,877)	12,128

(i) Depreciation of vehicles used by directors.

(ii) Mainly consist of expenses for sponsorships, donations and gift

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	Parent Company		Consolidated	
	2021	2020	2021	2020
Current income tax and social security contribution			(23,593)	(65,534)
Deferred income tax and social security contribution	296	102	13,716	77,662
Income tax and social contribution of previous periods	(764)		(764)	
	<u>(468)</u>	<u>102</u>	<u>(10,641)</u>	<u>12,128</u>

As of June 30, 2021, the Company recorded deferred tax credit from the temporary differences in the amount of R\$333,963 (R\$322,632 as of December 31, 2020). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

	Parent Company		Consolidated	
	June 30, 2021	31 December 2020	June 30, 2021	31 December 2020
Adjustment to present value			6,466	5,738
Provision for contingencies	113	102	86,683	83,926
Provision for doubtful accounts (PCLD)			68,780	89,941
Monthly tuition fees to be billed / cancelled			31,095	32,581
Provision for retirement			15,904	14,020
Provision for loss in fixed assets				
Assets Surplus Value Amortization			(20,523)	(31,191)
Provision for Fies Risk			7,336	7,284
Recognized granted options	829	544	51,922	47,598
Leases			47,825	41,933
Business combination			(32,398)	(33,294)
Goodwill incorporated			(11,290)	(11,290)
Depreciation	14	14	10,281	8,025
Foreign Exchange Variations		2,550		2,550
Tax loss			78,219	62,573
Other Assets			(6,337)	2,238
	<u>956</u>	<u>3,210</u>	<u>333,963</u>	<u>322,632</u>
Assets	<u>956</u>	<u>3,210</u>	<u>333,963</u>	<u>322,632</u>
	<u>956</u>	<u>3,210</u>	<u>333,963</u>	<u>322,632</u>

The realization of the deferred tax effect on temporary differences recorded at June 30, 2021 is linked to the realization of the provision which gave rise to this credit. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for retirement.

On June 30, 2021, subsidiary IREP accounted for a deferred income tax and social contribution liabilities amounting to R\$9,060 due to the tax amortization of goodwill generated upon acquisition of the companies merged into it.

As of June 30, 2021, the Company recorded tax credits arising from income tax loss and social contribution negative base amounting to R\$168,872 (R\$138,024 at December 31, 2020) that were not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

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

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	<u>2021</u>
	<u>Consolidated</u>
2021	12,315
2022	13,025
2023 to 2026	48,588
2027 to 2030	<u>3,139</u>
	<u>77,067</u>

29 Commitments

The table below presents the required and non-cancelable annual minimum future payments related to the contractual obligations undertaken by the Company as of June 30, 2021 and December 31, 2020.

	<u>Consolidated</u>		
	<u>Less than one year</u>	<u>Between one and five years</u>	<u>More than five years</u>
Commitments as of June 30, 2021			
Campus rental agreements	80,763	283,696	250,807
Commitments as of December 31, 2020			
Campus rental agreements	88,187	265,810	205,865

30 Subsequent Events

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

The total amount of the transaction was R\$208 million, on July 1st the payment of R\$176.8 million was made and the balance is payable in 5 equal annual installments, the first installment on the 1st anniversary of the closing date.

With this acquisition, YDUQS surpasses the 1 million students mark and expands its services and its presence in the digital education ecosystem.
