

Interim Financial Statements

Ser Educacional S.A.

June 30, 2021

with the independent auditor's report on the review of quarterly information (ITR)

Ser Educacional S.A.

Individual and consolidated interim financial statements

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF QUARTERLY INFORMATION

To the
Shareholders, Board of Directors and Management of
Ser Educacional S.A.
Recife - PE

Introduction

We have reviewed the accompanying individual and consolidated interim financial statements of Ser Educacional S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2021, comprising the statement of financial position as of June 30, 2021 and the related statements of profit of loss and comprehensive income for the three- and six-month periods then ended, and of changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial statements in accordance with Accounting Pronouncement NBC TG 21 Interim Financial Reporting, and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this individual and consolidated interim financial statements based on our review.

Scope of the review

We conducted our review in compliance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Interim Financial Information Review Performed by the 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 procedures and other review procedures. A review is significantly less in scope than an audit conducted in accordance with auditing standards and consequently does 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 individual and consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements included in the quarterly information was referred to above are not prepared, in all material respects, in compliance with NBC TG 21 and IAS 34 applicable the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



Other matters

Statements of value added

The above mentioned quarterly information include the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the individual and consolidated interim financial statements and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Recife, August 12, 2021

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

A handwritten signature in black ink, appearing to read 'Henrique Piereck de Sá', is written over the printed name.

Henrique Piereck de Sá
Accountant CRC PE023398/O-3

Ser Educacional S.A.

Statement of profit or loss
Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

	Note	Parent Company			
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Net revenue from services provided	21	158,257	291,275	131,757	254,062
Costs of services provided	22	(58,595)	(112,249)	(54,554)	(111,223)
Gross profit		99,662	179,026	77,203	142,839
Selling expenses	23.a	(23,680)	(49,019)	(10,011)	(26,625)
General and administrative expenses	23.a	(53,974)	(108,207)	(52,693)	(99,099)
Other operating revenues (expenses), net	23.b	(1,399)	(7,496)	1,486	86
Interest in the profit of subsidiaries	6.a	20,236	65,800	55,990	84,301
Operating profit		40,845	80,104	71,975	101,502
Finance income	24	2,354	4,698	2,300	3,338
Finance costs	24	(18,852)	(32,011)	(16,285)	(30,343)
Finance income (costs)		(16,498)	(27,313)	(13,985)	(27,005)
Income before income tax and social contribution		24,347	52,791	57,990	74,497
Income tax and social contribution	25	1,351	2,975	(3,274)	(3,015)
Current	25		(325)	(1,181)	(1,181)
Deferred	25	1,351	3,300	(2,093)	(1,834)
Net income for the period		25,698	55,766	54,716	71,482
		25,698	55,766	54,716	71,482
Attributable to					
Parent Company's shareholders		25,698	55,766	54,716	71,482
		25,698	55,766	54,716	71,482
Weighted average of common shares outstanding as of end of period (thousand)		128,722	128,722	128,722	128,722
Earnings per share attributable to shareholders of the Parent Company during the period (in R\$ per share)		0.20	0.43	0.43	0.56

The Notes are an integral part of the interim financial statements..

Ser Educacional S.A.

Statement of profit or loss
Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

	Note	Consolidated			
		04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Net revenue from services provided	21	385,651	692,375	343,020	651,546
Costs of services provided	22	(173,078)	(316,433)	(138,306)	(293,282)
Gross profit		212,573	375,942	204,714	358,264
Selling expenses	23.a	(30,723)	(65,819)	(15,965)	(41,320)
General and administrative expenses	23.a	(107,456)	(191,526)	(100,979)	(187,146)
Other operating revenues (expenses), net	23.b	(13,013)	(16,923)	1,556	(250)
Interest in the profit of subsidiaries	6.a	(106)	(106)		
Operating profit		61,275	101,568	89,326	129,548
Finance income	24	5,238	15,894	5,399	15,664
Finance costs	24	(43,425)	(69,355)	(34,153)	(66,205)
Finance income (costs)		(38,187)	(53,461)	(28,754)	(50,541)
Income before income tax and social contribution		23,088	48,107	60,572	79,007
Income tax and social contribution	25	2,610	7,659	(5,856)	(7,525)
Current	25	(1,016)	(2,541)	(3,557)	(4,909)
Deferred	25	3,626	10,200	(2,299)	(2,616)
Net income for the period		25,698	55,766	54,716	71,482
Attributable to					
Parent Company's shareholders		25,698	55,766	54,716	71,482
		<u>25,698</u>	<u>55,766</u>	<u>54,716</u>	<u>71,482</u>

The Notes are an integral part of the interim financial statements..

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Statement of comprehensive income

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

	Parent Company and Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Net income for the period	25,698	55,766	54,716	71,482
Other components of comprehensive income for the period				
Comprehensive income (loss) for the period	25,698	55,766	54,716	71,482

The Notes are an integral part of the interim financial statements..

Ser Educacional S.A.

Statements of changes in equity

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

	Note	Attributable to the parent company's shareholders				Total		
		Share Capital		Legal	Retention		Net income for the period	Equity
		Share Capital	Expenses on issuance of shares					
As of January 1, 2020		991,644	(4,095)	62,342	258,597	1,308,488		
Net income for the period	28					71,482	71,482	
Creation of legal reserve	20.b			3,574		(3,574)		
Payment of dividends	20.d					(20,372)	(20,372)	
As of June 30, 2021		991,644	(4,095)	65,916	258,597	47,536	1,359,598	
As of January 1, 2021		991,644	(4,095)	70,594	368,344		1,426,487	
Net income for the period	28					55,766	55,766	
Creation of legal reserve	20.b			2,788		(2,788)		
Dividends proposed	20.d					(15,893)	(15,893)	
As of June 30, 2021		991,644	(4,095)	73,382	368,344	37,085	1,466,360	

The Notes are an integral part of the interim financial statements..

Ser Educacional S.A.

Statement of cash Flow

June 30, 2021 and June 30, 2020

In thousands of Brazilian reais, unless otherwise indicated

	Note	Parent Company		Consolidated	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Operating activities					
Income before income tax and social contribution		52,791	74,497	48,107	79,007
Adjustments for					
Depreciation and amortization.	11 to 13	34,439	38,157	89,159	88,270
(Reversal) Provision for contingencies		3,143	936	2,898	(930)
Interest in profit of subsidiaries	6.a	(65,800)	(84,301)	106	
Adjustment to present value of accounts receivable	9	1,696	1,858	2,313	4,170
Adjustment to present value of commitments				793	
Creation of allowance for expected credit losses	23.a	23,914	22,867	57,620	61,216
Loss (gain) on write-off of non-current assets	12, 13 and 19.b	2,607	(11,391)	2,670	(2,551)
Income from short-term investments		(120)	(228)	(128)	(274)
Interest and monetary changes, net	24	26,894	22,190	49,836	45,653
		79,564	64,585	253,374	274,561
Changes in assets and liabilities					
Accounts receivable		(46,168)	(60,344)	(97,582)	(166,555)
Taxes recoverable		(2,775)	(18)	(3,787)	(6,192)
Other assets		(2,288)	(10,468)	1,819	(8,031)
Suppliers		1,844	8,907	4,627	7,338
Salaries and social charges		9,501	17,102	17,870	42,781
Taxes payable		(3,202)	(4,744)	(4,121)	(7,639)
Other liabilities		531	(894)	1,415	(2,650)
Cash from operating activities		37,007	14,126	173,615	133,613
Interest paid on loans and debentures	16.b and 17	(6,115)	(21,952)	(6,115)	(21,952)
Interest paid on leases	19.b	(12,036)	(13,875)	(33,782)	(35,761)
Income tax and social contribution paid		(30,154)		(33,947)	(3,468)
Net cash from (used in) operating activities		(11,298)	(21,701)	99,771	72,432
Investing activities					
Investment in securities		(142,225)	(90,931)	(150,081)	(116,241)
Redemption of securities		130,106	165,818	136,363	207,181
Advance for future capital increase in subsidiaries	6	(202,972)	(58,697)		
Additions to property and equipment	13	(13,184)	(6,863)	(18,772)	(14,261)
Additions to intangible assets	11	(8,557)	(9,701)	(9,794)	(10,345)
Net cash arising from the merger				5,959	
Payment on acquisition of subsidiaries	15			(200,000)	(89,049)
Net cash from (used in) investing activities		(198,037)	11,120	(236,325)	(22,715)
Financing activities					
Amortization of principal on debentures	17	(25,000)	(25,000)	(25,000)	(25,000)
Raising of loans and financing	16		498,500		499,299
Amortization of principal on loans and financing	16	(12,091)	(12,162)	(12,235)	(12,162)
Amortization of leases	19	(9,879)	(9,763)	(24,892)	(22,403)
Related parties	26.a	976	415	976	976
Dividends paid to Company's shareholders	20.d	(24,717)	(6,063)	(24,717)	(6,063)
Net cash provided by (used) in financing activities		(70,711)	445,927	(85,868)	434,647
Increase (decrease) in cash and cash equivalents		(280,046)	435,346	(222,422)	484,364
Cash and cash equivalents					
at beginning of the period		487,626	78,836	679,933	215,173
at the end of the period		207,580	514,182	457,511	699,537
Decrease in cash and cash equivalents		(280,046)	435,346	(222,422)	484,364

The Notes are an integral part of the interim financial statements..

Ser Educacional S.A.

Statement of value added

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

	Note	Parent Company		Consolidated	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues					
Revenues from services	21	562,191	473,769	1,380,612	1,223,499
Allowance for doubtful accounts	23	(23,914)	(22,867)	(57,620)	(61,216)
Revenue deductions	21	(262,667)	(212,050)	(665,506)	(549,638)
		<u>275,610</u>	<u>238,852</u>	<u>657,486</u>	<u>612,645</u>
Inputs purchased from third parties					
Services provided by individuals and companies	22 and 23	(27,698)	(19,427)	(41,793)	(31,890)
Electricity, water and telephone	22	(4,566)	(6,651)	(12,315)	(15,263)
Publicity and advertising	23	(49,019)	(26,625)	(65,819)	(41,328)
Office supplies	23	(1,560)	(1,671)	(3,616)	(3,703)
Other		(19,324)	(12,451)	(41,116)	(21,489)
		<u>(102,167)</u>	<u>(66,825)</u>	<u>(164,659)</u>	<u>(113,673)</u>
Gross added value		<u>173,443</u>	<u>172,027</u>	<u>492,827</u>	<u>498,972</u>
Depreciation and amortization	22 and 23	(34,439)	(38,157)	(89,159)	(88,270)
Net added value produced by the entity		<u>139,004</u>	<u>133,870</u>	<u>403,668</u>	<u>410,702</u>
Finance income	24	4,912	3,533	16,765	16,634
Interest in the profit of subsidiaries	6	65,800	84,301	(106)	
Total value added to distribute		<u>209,716</u>	<u>221,704</u>	<u>420,327</u>	<u>427,336</u>
Distribution of value added					
Salaries and social charges	22 and 23	(114,887)	(111,669)	(273,207)	(263,210)
Taxes, fees and contributions		(5,488)	(10,867)	(15,943)	(30,810)
Federal taxes		2,348	(3,564)	5,751	(9,421)
Municipal taxes		(7,836)	(7,303)	(21,694)	(21,389)
Third-party capital remuneration		(33,575)	(27,686)	(75,411)	(61,834)
Finance costs	24	(32,011)	(30,343)	(69,355)	(66,205)
Rentals	22	(1,564)	2,657	(6,056)	4,371
Net income for the period		<u>(55,766)</u>	<u>(71,482)</u>	<u>(55,766)</u>	<u>(71,482)</u>
Value added distributed		<u>(209,716)</u>	<u>(221,704)</u>	<u>(420,327)</u>	<u>(427,336)</u>

The Notes are an integral part of the interim financial statements..

Ser Educacional S.A.

Notes to the interim financial statements

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

Section A - General Information

1 Operations

Ser Educacional S.A. (the “Company”) and its subsidiaries (jointly, the “Group”) are mainly involved in developing and managing activities for on-campus and distance-learning undergraduate, graduate, and professional training courses and other education-related areas, and in having an interest, as a partner or shareholder, in other companies in Brazil.

The Group also owns 27 private limited liability companies, including 62 campuses in operation, being two universities, 17 university centers and 35 accredited colleges, in addition to 462 distance-learning centers (EAD) in operation, constituting one of Brazil's largest private education groups, with a leading presence in the North and Northeast regions in terms of the number of enrolled students. The Group is present in all 26 states of Brazil and in the Federal District, with a consolidate base of 223.8 thousand students, operating under the following brands: UNINASSAU – Centro Universitário Maurício de Nassau, UNINABUCO – Centro Universitário Nabuco, UNG – Universidade Guarulhos, UNAMA – Universidade da Amazônia, UNIVERITAS – Centro Universitário Universus Veritas, UNINORTE - Centro Universitário do Norte, Centro Universitário de Ciências Biomédicas de Cacoal – UNIFACIMED, UNIJUAZEIRO - Centro Universitário de Juazeiro do Norte, Sociedade Educacional de Rondônia – UNESC, Centro Universitário São Francisco de Barreiras – UNIFASB, Faculdades UNINASSAU, Faculdades UNINABUCO and Escolas Técnicas Joaquim Nabuco and Maurício de Nassau, under which it offers 2,247 courses, through campuses and distance-learning centers. (Not audited)

The Company is a publicly-held company headquartered in Recife, in the State of Pernambuco, listed on the B3 S.A. - Brasil, Bolsa, Balcão, in the Novo Mercado special segment, where its common shares are traded under the ticker SEER3. In June 2021, Fitch Ratings issued an opinion renewing the Company's long-term national rating at “AA-(bra)”, with a stable outlook.

1.1 Pandemic state (Covid-19)

In Brazil, unlike what happened at the beginning of the pandemic, until the end of June, no new measures were adopted to support workers and sectors of the economy, to reduce the economic impacts and provide liquidity and credit to individuals and companies.

In the education segment, state and municipal health authorities in several states and municipalities maintained the suspension of on-campus classes in public and private schools, colleges and universities, being authorized only the return of practical classes in person, following a strict safety protocol in the fight against COVID-19. The Company keeps monitoring at each location in which it operates to decide on the full return of on-campus classes. Digital learning activities, as well as intake and undergraduate enrollments, occurred as usual during the entire period of the pandemic, with no initial impact on the recognition of enrolled students' income.

In the administrative center, located in Recife, and in the administrative areas of the Group's units, the activities remain carried out on hybrid mode, with on-campus activities including an average of 30% of the employees, according to the guidelines of the World Health Organization (WHO) and the Ministry

Ser Educacional S.A.

Notes to the interim financial statements

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

of Health of Brazil regarding cleaning the physical environment and social isolation, and activities carried out remotely on teleworking mode, keeping a safe technological infrastructure to ensure the continuity of operations and processing the information required for the control of its internal processes.

The reduced level of economic activity in the cities where the Group operates has impacted the unemployment and income levels of the population and, thus, impaired the process of intake and undergraduate enrollments of on-campus students in the first half of 2021, causing a drop in the student base in the Company's on-campus learning and increased delay in receiving tuition fees. On the other hand, the interruption or reduction of activities carried out on-campus has led to a reduction in expenses related to third-party services, travel and occupation, and allowed for reductions in costs and expenses in this period, partially offsetting the impact of the drop in the base of on-campus students and the delay in receiving tuition fees.

The Group continued to offer students options for installment payment of their tuition fees and the use of student financing with different conditions as compared to the normal course of operations, mainly for those whose own or family income was most affected by the crisis.

The Group is actively monitoring COVID-19 impacts, through an internal committee created for this purpose, aiming at preserving the health of students and employees, avoiding more losses and mitigating the risks related to the uncertainties still existing on the performance of the economy and social impacts in the country in the post-crisis period.

Management has analyzed some potential developments resulting from the current crisis in the Group's operations and the possible effects on the interim financial statements of the Company and its subsidiaries, related to the measurement of critical accounting estimates and judgments, mainly related to the allowance for expected credit losses (Note 9 (e)), the provision for contingencies (Note 27) and the impairment of goodwill and intangible assets with indefinite useful life (Note 11 (e)), and the identification of financial risks, with no evidence of additional aspects to those mentioned in those notes.

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Notes to the interim financial statements

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

1.2 Basis of preparation

The individual and consolidated interim financial statements were prepared in compliance with NBC TG 21 (R4) and IAS 34 and the standards issued by the Brazilian Securities and Exchange Commission (CVM), in accordance with the International Accounting Standards Board (IASB), and evidence all the relevant information specific to the interim financial statements, which are consistent with the practices used by management in its management.

The interim financial statements have been referring to the period ended June 30, 2021 were prepared using historical cost as the basis for value, except for certain financial assets and liabilities measured at their fair values.

Management has assessed the capacity of the Company and its subsidiaries to continue regularly doing business and is convinced that they hold sufficient funds to remain as a going concern in the future. Additionally, Management is not aware of any material uncertainty that may generate significant doubts on its capacity to remains as a going concern. Thus, the Parent Company's and Consolidated financial statements were prepared based on the assumption of going-concern.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by Brazilian corporate law and accounting policies adopted in Brazil, applicable to publicly-held companies. International Financial Reporting Standards (IFRS) do not require the presentation of this statement. Accordingly, under IFRS, this statement is presented as a supplementary information, without prejudice to the set of interim financial statements.

These interim financial statements are being issued upon their approval by the Board of Directors and review by the Fiscal Council, on August 12, 2021.

1.3 Notes not presented

The interim financial statements are presented in compliance with NBC TG 21, IAS 34, and the rules issued by CVM. Based on this and the Management's assessment of the relevant impacts of the information to be disclosed, the notes described below are not presented or are presented as a summary. The others are presented to allow a perfect understanding of these interim financial statements if read with the notes disclosed in the annual financial statements dated December 31, 2020.

- Significant accounting judgments, estimates and assumptions (Note 3);
- Assumptions to calculate impairment or fair value of non-financial assets already disclosed in the notes to the financial statements as of December 31, 2020 (Notes 11 (e) and 11 (f)).
- Insurance coverage (unaudited); and
- Summary of Significant Accounting Policies (Note 32).

Ser Educacional S.A.

Notes to the interim financial statements

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

2 New standards, changes and interpretations of accounting standards

Amendments to standards issued but not yet effective as of the date of issue of the Group's interim financial statements are described below:

Amendments to NBC TG 15 - Reference to the conceptual framework

This amendment to IFRS 3 – Business Combinations, takes effect from January 1, 2022, and aims to clarify some changes related to the conceptual framework, without significant changes. The Group is assessing possible impacts on its financial statements.

Amendments to NBC TG 25 - Onerous contracts - cost of contract performance

On January 1, 2022, the amendment to CPC 25 / IAS 37 enters into force, and the amendments specify that the "cost of performance" of a contract comprises "costs directly related to the contract". Costs directly related to a contract can be incremental costs of fulfilling such contract or the allocation of other costs that directly relate to fulfilling contracts. The Group is assessing possible impacts on its financial statements.

Amendments to NBC TG 26 - Classification of liabilities under current or non-current

In January 2020, IASB issued amendments to paragraphs 69 to 76 of IAS 1, related to NBC TG 26, intended to specify the requirements for classifying liabilities as current or non-current. The changes clarify:

- The meaning of a right to postpone settlement;
- That the right to postpone shall exist on the base date of the report;
- That this classification is not affected by the likelihood that an entity may exercise its right of postponement;
- That only if a derivative embedded into a convertible liability is an equity instrument the terms of a liability would not affect its classification

Changes are effective for periods beginning January 1, 2023 and shall be applied retrospectively. The Group is currently assessing the impact the such changes may have on current practice and whether existing loan agreements may require renegotiation.

2.1 Interpretations and impacts on the assessment of IFRS 16 - Leases / NBC TG 06(R3) Lease Transactions

In effect since January 1, 2019, IFRS 16 brought a single lease model, based on the right to use the asset in exchange for a consideration, with treatment similar to a financial lease.

The Group operates as a lessee in a significant number of leases concentrated in properties where its universities, university centers, educational centers, colleges, and offices are located. For the contracts included in the adoption of the standard, the Company and its subsidiaries adopted assumptions to calculate the discount rate, which was based on the average annual cost of third-party capital, and part of their contracts was already classified as lease assets since 2013. The table below shows the rates charged, vis-à-vis the terms of the contracts:

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Notes to the interim financial statements

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

Agreements by term and discount rate

<u>Agreement term</u>	<u>Rate % p.a.</u>
8 years (i)	8.36%
13 years (ii)	13.91%

(i) Contracts accounted for as leases after the adoption of NBC TG 06 (R3).

(ii) Contracts accounted for as leases since 2013.

The Company presents in the table below the maturity analysis of its contracts, undiscounted installments, reconciled with the balance in the consolidated Statement of Financial Position as of June 30, 2021. As a result of PROUNI incentive, the Group does not use PIS/COFINS credits recoverable on rent paid, and, for this reason, it does not show the potential credit.

<u>Installment Maturity</u>	<u>R\$</u>
2021	59,695
Between 2022 and 2026	536,370
Between 2027 and 2031	350,766
After 3031	152,446
Non-discounted amounts	1,099,277
Interest embedded	(434,462)
Balance of lease liability	664,815

In accordance with CIRCULAR LETTER/CVM/SNC/SEP/N°02/2019, the Group adopted as an accounting policy the requirements of NBC TG 06 (R3) in the measurement and remeasurement of its right of use and lease liability, proceeding the use of the discounted cash flow technique excluding inflation.

In order to safeguard the reliable representation of the information in view of NBC TG 06 (R3) requirements and to meet the guidelines of CVM technical areas, the liability balances without inflation, effectively accounted for (actual flow x nominal rate), and the estimate of the balances inflated in the comparison periods (nominal flow x nominal rate) are provided.

Impact on assets and liabilities:

	<u>With Inflation</u>	<u>No Inflation</u>	<u>Difference CVM Official letter</u>
Right of use	673,727	568,273	105,454
Lease commitments	784,227	664,815	119,412

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Notes to the interim financial statements

Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

Impact on P&L:

	With Inflation				No Inflation				Difference CVM Official letter
	Interest	Depreciation	Minimum Payment	Impact on P&L	Interest	Depreciation	Minimum Payment	Impact on P&L	
2021	74,221	77,935	(119,990)	32,166	67,152	72,188	(118,369)	20,972	11,194
Between 2022 and 2026	322,364	328,135	(598,761)	51,738	254,121	281,505	(536,370)	(744)	52,482
Between 2027 and 2031	175,653	207,836	(464,487)	(80,997)	122,293	171,801	(350,766)	(56,672)	(24,325)
After 2031	39,257	87,908	(236,577)	(109,412)	24,677	70,461	(152,446)	(57,308)	(52,104)
Total	611,495	701,814	(1,419,815)	(106,505)	468,243	595,955	(1,157,951)	(93,752)	(12,753)

2.2 COVID-19 impacts on rental granting (Amendments to IFRS 16)

As of June 1, 2020, IFRS 16 was amended to provide a practical procedure for tenants who account for rental granting received as a direct consequence of the COVID-19 pandemic and meet all of the following conditions:

- (a) Change in lease payments results in a reviewed consideration for the lease that is substantially equal to or lower than the consideration for the lease immediately prior to the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (for example, a benefit granted on a lease would fulfill this condition if it resulted in reduced lease payments on or before June 30, 2022 and in increased lease payments extending after June 30, 2022); and
- (c) There is no substantial change in further terms and conditions of the lease agreement

The Group opted to use the practical procedure for all rental grantings that met these criteria, as from the date the standard came into force.

Accounting for rental grantings as lease amendments would have resulted in the Company reassessing the lease liability to reflect the revised consideration using a revised discount rate, with the effect of changing the lease liability recorded against the right-to-use assets. When applying the practical procedure, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in the profit or loss for the period in which the event or condition that triggers the granting of the lease occurs.

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Section B - Risks

3 Critical accounting estimates, judgments and assumptions and accounting policies

Accounting estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations of future events deemed reasonable for the circumstances. Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In the interim financial statements, accounting policies are presented consistently with the critical accounting estimates and assumptions and judgments and accounting policies adopted in the individual and consolidated financial statements for the year ended December 31, 2020. Accordingly, this quarterly information should be read with the information disclosed in the financial statements for the year ended December 31, 2020.

4 Risk Management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow or fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge risk exposure.

Risk management is carried out by the Group's central treasury department, which identifies, assesses, and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors provides principles for overall risk management, as well as for specific areas.

(a) Market Risk

The Group's cash flow or fair value risk related to interest rate arises from short- and long-term loans, debentures, lease liabilities, and short-term investments substantially linked to interbank deposit certificate (CDI) floating rates. The Group analyzes its interest rate exposure on a dynamic basis, simulating various scenarios and taking into consideration the refinancing and the renewal of existing positions. Based on this assessment, the Group monitors the risk of significant changes in interest rates and calculates the impact on income (Note 4.3).

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(b) Credit risk

Credit risk is managed at a Group level and arises from cash and cash equivalents, financial instruments, and deposits with banks and other financial institutions, as well as from exposure to student credit, including outstanding accounts receivable.

The Group's sales policy is directly related to the level of credit exposure it is willing to be subject in the course of its business. Enrollment for the next semester is not permitted if a student is in default with the institution. In order to minimize the effects of defaults on its accounts receivable, the Company has diversified its receivables portfolio, has selection procedures in place for its students, and monitors due dates. In the segment of on-campus undergraduate education, a substantial portion of the Group's credits is guaranteed by the Higher Education Student Financing Program (Programa de Financiamento ao Estudante de Ensino Superior or FIES), which is decreasing each semester due to the reduced offer of scholarships by the Federal Government and the graduation of former students.

The Group sets up allowance for expected credit losses to cover credit risk, including the possible risk of default on the unguaranteed portion of the debt of the students who benefit from FIES. This credit analysis considers student creditworthiness based on their payment history, the length of their relationship with the institution, and their credit rating (SPC and Serasa).

Management monitors specific credit risks and does not expect any losses due to defaults by counterparties additional to the amounts already provided for in Note 9 (e), which reflect the changes in the allowance for expected credit losses in the quarter.

Concerning credit risk related to financial institutions, the Group invests cash, cash equivalents, and securities with financial institutions and investment funds with credit ratings of at least brBBB, by Standard & Poor's; BBB(br), by Fitch Ratings; and Baa1.br, by Moody's.

(c) Liquidity risk

Liquidity risk is the risk of the Company not having sufficient funds to meet its financial commitments, on account of mismatches in maturities or volumes between expected revenue and payments.

Assumptions regarding future disbursements and receipts are made in order to manage cash liquidity and are monitored daily by the treasury department.

The following table provides a breakdown of financial liabilities, grouped according to their due dates, for the remaining period from the Statement of Financial Position date to their contracted maturities. The amounts shown in the table represent the contractual undiscounted cash flows at the contracted rates.

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	Parent Company			
	Up to one year	Between one and two years	Between two and five years	Over five years
As of June 30, 2021				
Loans and financing	234,812	198,836	157,760	
Debentures	25,619			
Lease commitments	43,989	43,334	74,991	190,270
	<u>304,420</u>	<u>242,170</u>	<u>232,751</u>	<u>190,270</u>
As of December 31, 2020				
Loans and financing	132,681	207,696	249,317	
Debentures	51,205			
Lease commitments	42,614	42,090	74,589	193,812
	<u>226,500</u>	<u>249,786</u>	<u>323,906</u>	<u>193,812</u>
	Consolidated			
	Up to one year	Between one and two years	Between two and five years	Over five years
As of June 30, 2021				
Loans and financing	235,085	199,074	157,824	
Debentures	25,619			
Lease commitments	122,661	136,301	196,095	644,220
Commitments payable	44,596	40,407	129,816	
	<u>427,961</u>	<u>375,782</u>	<u>483,735</u>	<u>644,220</u>
As of December 31, 2020				
Loans and financing	132,919	207,935	249,499	
Debentures	51,205			
Lease commitments	114,822	127,538	205,277	652,416
Commitments payable	2,400	29,800	29,800	
	<u>301,346</u>	<u>365,273</u>	<u>484,576</u>	<u>652,416</u>

(d) Regulatory risk

Regulatory aspects analysis in the Group's education sector serves as a decision-making instrument for the supporting entity, aiming to improve the institution's performance by identifying opportunities

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for gains and impact of losses.

The Group periodically analyzes its regulatory risks aiming to mitigate or minimize their impact, mainly those related to the availability of PROUNI and FIES and the understanding of these programs' rules, as well as the monitoring of maintenances and/or courses, with no significant change expected in its operations.

4.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistently with other players in the industry, the Group monitors its capital based on the financial leverage ratio. This ratio corresponds to the net debt expressed as a percentage of the sum of net debt and equity. Net debt is calculated as total loans (including short- and long-term loans, as shown in the consolidated Statement of Financial Position) less cash and cash equivalents, and marketable securities.

The financial leverage ratios are presented as follows:

	June 30, 2021	Consolidated December 31, 2020
Total bank loans and financing	537,405	540,892
Total debentures	25,221	50,166
Total commitments payable	214,819	62,000
Total lease commitments	664,815	651,027
Cash and cash equivalents	(457,511)	(679,933)
Securities	(15,022)	(1,176)
Net debt	969,727	622,976
Total equity	1,466,360	1,426,487
Equity plus net debt - Total capital	2,436,087	2,049,463
Financial leverage ratio	39.8%	30.4%

Excluding lease obligations from the net debt mentioned above, as of June 30, 2021, the new net debt would be R\$ 304,912 and as of December 31, 2020 there would remain a net cash balance of R\$ 28,051, and therefore, the leverage ratio would be 17.2% for June 30, 2021 and would not apply for 2020 fiscal year.

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4.3 Additional sensitivity analysis required by the Accounting Pronouncements Committee - CPC

With the purpose of determining the sensitivity of the indexer to which the Group was exposed on the base date of June 30, 2021, different scenarios were defined, using the last interest rates accrued in the last twelve months (Scenario I), and based on this, changes of 25% (Scenario II) and 50% (Scenario III) were calculated, sensitizing the increase and decrease of the indexers. For each scenario, we calculated the net position (finance income less finance costs), excluding the tax effect. CDI indexer sensitivity were tested for each scenario using the portfolio base-date of June 30, 2020, projecting for one year.

Operations	Risk	Scenarios with Indexers Increase		
		(I)	(II)	(III)
Assets				
Short-term investments	CDI	2.28%	2.85%	3.42%
443,188		10,105	12,631	15,157
Securities	CDI	2.28%	2.85%	3.42%
15,022		343	428	514
Liabilities				
Financing - Working Capital	CDI	2.28%	2.85%	3.42%
(507,873)		(11,580)	(14,474)	(17,369)
IFC	CDI	2.28%	2.85%	3.42%
(21,907)		(499)	(624)	(749)
Debentures	CDI	2.28%	2.85%	3.42%
(25,221)		(575)	(719)	(863)
Commitments payable	IPCA	8.35%	10.44%	12.53%
(214,819)		(17,937)	(22,427)	(26,917)
Net position		(20,144)	(25,186)	(30,227)

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		Scenarios with Indexers Decrease		
Operations	Risk	(I)	(II)	(III)
<u>Assets</u>				
Short-term investments	CDI	2.28%	1.71%	1.14%
443,188		10,105	7,579	5,052
Securities	CDI	2.28%	1.71%	1.14%
15,022		343	257	171
<u>Liabilities</u>				
Financing - Working Capital	CDI	2.28%	1.71%	1.14%
(507,873)		(11,580)	(8,685)	(5,790)
IFC	CDI	2.28%	1.71%	1.14%
(21,907)		(499)	(375)	(250)
Debentures	CDI	2.28%	1.71%	1.14%
(25,221)		(575)	(431)	(288)
Commitments payable	IPCA	8.35%	6.26%	4.18%
(214,819)		(17,937)	(13,448)	(8,979)
Net position		(20,144)	(15,103)	(10,083)

Considering the economic forecasts released by the Central Bank of Brazil's Focus Report on July 23, 2021, corroborated by financial market economists, it is estimated that the interest rates measured by CDI will be closer to Scenario III of Increase in Indexers and the IPCA to Scenario II of Decrease in Indexers.

Section C - Information by segment

Assessment of information by segment

Since its activities are concentrated in on-campus higher education, substantially, the Group is organized and managed in a single business unit. The courses offered by the Company, although intended for a diverse customer audience, are not monitored and managed by management as independent segments. The Group's results are monitored and assessed on an integrated basis, in a single segment.

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Section D - Group Structure

6 Subsidiaries

The interim consolidated financial statements for the quarter ended June 30, 2021 include the operations of the Group and of the following subsidiaries, which are summarized below:

	Direct %		Indirect %	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
ICES - Instituto Campinense de Ensino Superior Ltda.	99.99	99.99		
ABES - Sociedade Baiana de Ensino Superior Ltda.	99.99	99.99		
Centro de Educação Profissional BJ Ltda.	99.99	99.99		
CETEBÁ - Centro de Ensino e Tecnologia da Bahia Ltda.	99.99	99.99		
SECARGO - Sociedade Educacional Carvalho Gomes Ltda.	99.99	99.99		
CENESUP - Centro Nacional de Ensino Superior Ltda.	99.99	99.99		
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.			100.00	100.00
Sociedade Universitária Miletto Ltda.			100.00	100.00
Colégio Cultural Módulo Ltda. (i)			100.00	100.00
Sociedade Regional de Educação e Cultura Ltda. (i)			100.00	100.00
Beduka Serviços de Tecnologia em Educação Ltda. (i)			100.00	100.00
Sociedade Educacional de Rondônia S/S Ltda (ii)			100.00	
Instituto Avançado de Ensino Superior de Barreiras Ltda (ii)			100.00	
FMN Clínica Escola de Fisioterapia, Psicologia, Enfermagem e Nutrição Ltda.	99.99	99.99		
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	99.99	99.99		
Centro de Educação Continuada Maurício de Nassau Ltda.	99.99	99.99		
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda	99.99	99.99		
Faculdade Maurício de Nassau de Belém Ltda	99.99	99.99		
CESPI - Centro de Ensino Superior Piauiense Ltda.	99.99	99.99		
CIESPI - Centro Integrado de Educação Superior do Piauí Ltda.	99.99	99.99		
SESPI - Sociedade de Ensino Superior Piauiense Ltda.	99.99	99.99		
Uninassau Participações S.A.	99.99	99.99		
Instituto de Ensino Superior Juvêncio Terra Ltda.	99.99	99.99		
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.	99.99	99.99		
Faculdade Joaquim Nabuco de Olinda Ltda	99.99	99.99		
Overdrives Coworking Escritórios Virtuais Ltda.	99.99	99.99		
3L Tecnologias Educacionais e Soluções Digitais S.A	99.99			

(i) Companies acquired in the last quarter of 2020;

(ii) Company acquired in the first half of 2021.

The period covered by the interim financial statements of the subsidiaries included in the consolidation is the same as that of the Parent Company. Uniform accounting policies were applied to all of the companies consolidated, and they are consistent with those used for the previous quarter.

The consolidation process of the equity and income accounts corresponds to the sum of the balances of assets, liabilities, revenue, and expenses, as appropriate, eliminating transactions between consolidated companies. In the case of income accounts, the amounts are consolidated only from the date on which control was acquired by the Company.

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(a) Investments

	June 30, 2021						
	Equity	Equity income	Investment Amount	Goodwill (Note 11(c))	Intangible Assets Identified	Contingencies Qualified	Total
Direct Subsidiaries							
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda.	19,677	158	19,677	4,140			23,817
FMN Clinica Escola de Fisioterapia, Psicologia, Enfermagem e Nutrição Ltda.	882	(1,331)	882				882
CENESUP - Centro Nacional de Ensino Superior Ltda.	690,881	15,029	690,881				690,881
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	1,402	173	1,402				1,402
SECARGO - Sociedade Educacional Carvalho Gomes Ltda.	41,741	(657)	41,741	4,362			46,103
ICES - Instituto Campinense de Ensino Superior Ltda.	292,047	31,211	292,047				292,047
Centro de Educação Profissional BJ Ltda.	2,952	981	2,952				2,952
ABES - Sociedade Baiana de Ensino Superior Ltda.	31,307	(1,614)	31,307	8,405			39,712
Centro de Educação Continuada Maurício de Nassau Ltda.	2,849	(488)	2,849				2,849
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	61,308	3,690	61,308	1,043	467		62,818
Faculdade Maurício de Nassau de Belém Ltda.	64,881	3,866	64,881	959	1,261		67,101
CESPI - Centro de Ensino Superior Piauiense Ltda.	35,390	3,025	35,390	8,662	4,404	(1,228)	47,228
CIESPPI - Centro Integrado de Educação Superior do Piauí Ltda.	45,244	5,116	45,244				45,244
SESPPI - Sociedade de Ensino Superior Piauiense Ltda.	45,427	4,486	45,427	5,360	5,996	(2,021)	54,762
Uninassau Participações S.A.	396		396				396
Instituto de Ensino Superior Juvêncio Terra Ltda.	15,677	1,736	15,677	573	2,400		18,650
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.	870	20	870				870
Faculdade Joaquim Nabuco de Olinda Ltda.	7,283	767	7,283	3,521	2,700		13,504
Overdrives Coworking Escritórios Virtuais	2,303	(368)	2,303				2,303
3L Tecnologias Educacionais e Soluções Digitais S.a.	10		10				
Acquisition of Maintenances							
FADE - Faculdade Decisão					2,200		2,200
FACOCMA - Faculdades COC de Maceió				1,028	3,000		4,028
Total Direct Subsidiaries	1,362,527	65,800	1,362,527	38,053	22,428	(3,249)	1,419,749
Indirect subsidiaries							
SOPEP - Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	22,591	612	22,591	43,591	104,327		170,509
Sociedade Universitária Mileto Ltda.	1,893	(304)	1,893	1,346	4,500		7,739
Sociedade Regional de Educação e Cultura Ltda.	24,235	15,054	24,235	69,365	73,814		167,414
Colégio Cultural Módulo Ltda.	8,051	(2,399)	8,051	5,394	10,179		23,624
Beduka Serviços de Tecnologia em Educação Ltda.	(39)	(132)	(39)	2,009	(463)		1,507
Sociedade Educacional de Rondônia S/S Ltda.	14,239	5,145	14,239	108,071	29,600		151,910
Total Indirect Subsidiaries	70,970	17,976	70,970	229,776	221,957		522,703
Acquisition of Indirect Maintenances							
Sociedade Metodista Bennet					10,000		
Total Goodwill				267,829			

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	December 31, 2020						
	Equity	Equity income	Investment Amount	Goodwill (Note 11(c))	Intangible Assets Identified	Contingencies Qualified	Total
Direct subsidiaries							
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda.	19,519	3,441	19,519	4,140			23,659
FMN Clínica Escola de Fisioterapia, Psicologia, Enfermagem e Nutrição Ltda.	965	(2,768)	965				965
CENESUP - Centro Nacional de Ensino Superior Ltda.	475,601	(27,518)	475,601				475,601
EDUCRED - Administradora de Crédito Educativo e Cobrança Ltda.	1,228	822	1,228				1,228
SECARGO - Sociedade Educacional Carvalho Gomes Ltda.	42,395	6,051	42,395	4,362			46,757
ICES - Instituto Campinense de Ensino Superior Ltda.	299,623	67,422	299,623				299,623
Centro de Educação Profissional BJ Ltda.	1,978	(1,189)	1,978				1,978
ABES - Sociedade Baiana de Ensino Superior Ltda.	32,914	(8,595)	32,914	8,405			41,319
Centro de Educação Continuada Mauricio de Nassau Ltda.	2,948	(1,569)	2,948				2,948
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	57,613	5,872	57,613	1,043	467		59,123
Faculdade Mauricio de Nassau de Belém Ltda.	61,016	9,389	61,016	959	1,261		63,236
CESPI - Centro de Ensino Superior Piauiense Ltda.	32,365	8,834	32,365	8,662	4,404	(1,228)	44,203
CIESPI - Centro Integrado de Educação Superior do Piauí Ltda.	40,129	12,502	40,129				40,129
SESPI - Sociedade de Ensino Superior Piauiense Ltda.	40,941	10,097	40,941	5,360	5,996	(2,021)	50,276
Uninassau Participações S.A.	396		396				396
Instituto de Ensino Superior Juvêncio Terra Ltda.	13,941	3,645	13,941	573	2,400		16,914
Faculdade Joaquim Nabuco de São Lourenço da Mata Ltda.	776	(889)	776				776
Faculdade Joaquim Nabuco de Olinda Ltda.	6,502	(1,747)	6,502	3,521	2,700		12,723
Overdrives Coworking Escritórios Virtuais	1,690	68	1,690				1,690
Acquisition of Maintenances							
FADE - Faculdade Decisão				1,028	2,200		3,228
FACOCMA - Faculdades COC de Maceió					3,000		3,000
Total Direct Subsidiaries	1,132,540	83,868	1,132,540	38,053	22,428	(3,249)	1,189,772
Indirect subsidiaries							
SOPEP - Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	21,979	(4,465)	21,979	43,591	104,617		170,187
Sociedade Universitária Mileto Ltda.	1,533	(453)	1,533	1,346	4,500		7,379
Sociedade Regional de Educação e Cultura Ltda.	8,333	7	8,333	69,365	75,613		153,311
Colégio Cultural Módulo Ltda.	10,400	1,089	10,400	5,394	11,646		27,440
Beduka Serviços de Tecnologia em Educação Ltda.	(9)		(9)	2,009			2,000
Total Indirect Subsidiaries	42,236	(3,822)	42,236	121,705	196,376		360,317
Acquisition of Indirect Maintenances							
Sociedade Metodista Bennet					10,000		

Total Goodwill

159,758

In the Parent Company, identified intangible assets are classified as an investment and reclassified as intangible assets in Consolidated.

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(b) Changes in investments in subsidiaries:

The change in investments in subsidiaries for the periods ended June 30, is as follows:

	Parent Company	
	2021	2020
Opening balance	1,189,772	967,485
Capital Increase (i)	202,972	58,697
Interest in profit of subsidiaries	65,800	84,301
Earnings received from subsidiaries	(38,795)	(11,494)
Balance as of June 30	1,419,749	1,098,989

(i) Substantially refer to advances for future capital increase, in the amount of R\$ 200,000, made to support the acquisitions of UNESC (f) and UNIFASB (g), made by CENESUP.

(c) Acquisition of the Faculdade de Ciências Biomédicas de Cacoal - FACIMED

On August 6, 2020, a Quota Purchase and Sale Agreement ("CCVQ") was entered into, whereby subsidiary CENESUP - Centro Nacional de Ensino Superior Ltda. agreed to acquire 100% of the share capital of Sociedade Regional de Educação e Cultura Ltda. ("SOREC"), supporting entity of Faculdade de Ciências Biomédicas de Cacoal - FACIMED. On November 10, 2020, after fulfilling certain conditions precedent usual in similar transactions, including CADE's approval, published on October 22, 2020, the CCVQ financial completion was performed with the effective transfer of SOREC's share capital, the supporting entity of FACIMED, to CENESUP.

After MEC's approval to become a University Center, now UNIFACIMED is located in the city of Cacoal, State of Rondônia, has 90 annual seats (including 15 PROUNI and FIES seats) and is accredited to offer digital education.

The total amount of the acquisition was R\$ 150,000, of which R\$ 100,000 in cash, on the closing date of the transaction, plus 4 annual installments in the amount of R\$ 12,500, starting January 31, 2022, adjusted by IPCA.

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	SOREC – Sociedade Regional de Educação e Cultural Ltda
Intangible assets identified - Customer portfolio	16,792
Intangible assets identified - Licenses	58,821
Other identifiable assets acquired	10,944
Goodwill	69,365
Liabilities taken	(5,922)
Consideration for the acquisition	<u>150,000</u>

The consolidated statement of profit or loss for the period ended June 30, 2021 includes revenue and net income, in the amounts of R\$ 31,420 and R\$ 15,054, respectively, referring to this subsidiary.

(d) Acquisition of Faculdade Juazeiro do Norte - FJN

On September 18, 2020, a Quota Purchase and Sale Agreement ("CCVQ") was entered into, whereby subsidiary CENESUP - Centro Nacional de Ensino Superior Ltda. agreed to acquire 100% of the share capital of Colégio Cultural Módulo Ltda., supporting entity of Faculdade de Juazeiro do Norte - FJN. On November 03, 2020, after fulfilling certain conditions precedent usual in similar transactions, the CCVQ financial completion was performed with the effective transfer of Colégio Módulo's share capital, the supporting entity of FJN, to CENESUP.

After MEC's approval to become a University Center, now UNIJUAZEIRO is located in the city of Juazeiro do Norte, State of Ceará, and has applied for accreditation for the offer of digital education, which is under review by MEC.

The total amount of the acquisition was R\$ 24,000, of which R\$ 12,000 in two installments maturing on the closing date and within 30 days from that date, and the remaining R\$ 12,000 shall be paid in 5 annual installments in the amount of R\$ 2,400, as of September 18, 2021, adjusted by IPCA.

	Colégio Cultural Módulo Ltda.
Intangible assets identified - Brand	3,501
Intangible assets identified - Customer portfolio	248
Intangible assets identified - Licenses	7,897
Other identifiable assets acquired	9,283
Goodwill	5,394
Liabilities taken	(2,323)
Consideration for the acquisition	<u>24,000</u>

The consolidated statement of profit or loss for the period ended June 30, 2021 includes revenue and loss, in the amounts of R\$ 7,548 and R\$ 2,399, respectively, referring to this subsidiary.

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(e) Acquisition of the Beduka portal

On December 18, 2020 the Company concluded the acquisition of 100% of Beduka Serviços de Tecnologia em Educação Ltda., owner of Beduka portal (www.beduka.com), a startup in the online support market for students seeking to enter higher education, for the amount of R\$ 2,000, paid in cash on the acquisition date.

Created in late 2017, the portal's mission to help students to join higher education with the assurance of having made the best choice, offering students 3 intuitive tools: Vocational test, Course Finder and Preparation for ENEM.

Due to the low materiality of the acquisition value, the investment amount was fully classified as goodwill due to expected future profitability, which added to the outstanding liability on the acquisition date totaled R\$ 2,009.

(f) Usesc acquisition

On February 1, 2021, after the fulfillment of the conditions precedent, the financial completion of the Quota Purchase and Sale Agreement and Other Covenants ("Agreement") was performed with the effective transfer to CENESUP - Centro Nacional de Ensino Superior Ltda. ("CENESUP"), subsidiary of Ser Educacional S.A., of the share capital of Sociedade Educacional de Rondônia S/S Ltda. ("UNESC"), supporting entity of the following educational institutions: (i) Faculdade de Educação e Cultura de Porto Velho, (ii) Faculdade de Educação e Cultura de Vilhena, (iii) Faculdades Integradas de Cacoal and (iv) Faculdade de Educação e Cultura de Ji-Paraná.

UNESC is present in the largest cities in the State of Rondônia, and has a portfolio including courses in the areas of health and engineering, among which 50 annual seats for the Medicine course in Vilhena, or 60 annual seats, when considering the seats available through PROUNI and FIES, as well as courses in Psychology, Nursing, Pharmacy, Physiotherapy, Nutrition, Civil Engineering, Mechanical Engineering, Law, and Computer Engineering. It has approximately 2,900 on-campus undergraduate students, including 162 medical students. It has a request for 50 additional annual seats in Vilhena and another 50 seats in Ji-Paraná, which are being discussed in court.

In consideration of the assignment and transfer of all Quotas, CENESUP will pay a total amount of R\$ 150,000, of which R\$ 70,000 was paid on February 1, 2021, R\$ 50,000, in four successive annual installments, in the amount of R\$ 12,500, with the first installment due on the day of the first anniversary of the closing date and the remainder on the same date in the following three years, adjusted by IPCA between the closing date up to the date of each payment, and R\$ 30,000 to be paid in February 2024, which will be due in the event of issuance by the MEC of Ordinance formalizing the authorization for the creation of 50 additional seats for the medical course.

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The table below shows the total assets acquired and identified, goodwill, liabilities taken out and the present value of the consideration for the acquisition:

	Sociedade Educacional de Rondônia S/A Ltda
Intangible assets identified - Brand	7,300
Intangible assets identified - Customer portfolio	4,400
Intangible assets identified - Licenses	17,900
Other identifiable assets acquired	9,396
Goodwill	108,071
Liabilities taken	<u>(1,875)</u>
Consideration for the acquisition	<u>145,192</u>

The consolidated statement of profit or loss for the period ended June 30, 2021 includes revenue and net income, in the amounts of R\$ 16,550 and R\$ 5,145, respectively, referring to this subsidiary.

(g) Unifasb acquisition

On February 1, 2021, after the fulfillment of the conditions precedent, the financial completion of the Quota Purchase and Sale Agreement was performed with the effective transfer to CENESUP - Centro Nacional de Ensino Superior Ltda. ("CENESUP"), a subsidiary of the Company, of the share capital of the Instituto Avançado de Ensino Superior de Barreiras ("IAESB"), supporting entity of Centro Universitário São Francisco de Barreiras ("UNIFASB").

Centro Universitário São Francisco de Barreiras - UNIFASB - is located in the city of Barreiras, in the countryside of the state of Bahia, has a portfolio that includes courses in the areas of health and human sciences, offering undergraduate and post-graduate courses, such as: Law, Agronomy, Administration, Accounting, Biomedicine, Psychology, Nursing, Physical Education, Physiotherapy and Medicine, the latter with 80 authorized annual seats or 96 annual seats, when considering seats available via PROUNI and FIES. It has approximately 1,600 on-campus undergraduate and post-graduate students, including 332 medical students.

In consideration for the assignment and transfer of all Quotas, CENESUP will pay a total amount of R\$ 210,000, of which R\$ 130,000 were paid on April 5, 2021, and R\$ 80,000, to be paid in 5 successive annual installments, in the amount of R\$ 16,000 each, with the first installment maturing on January 31, 2022 and the remainder on the same date of the subsequent 4 years. The transaction also involves the purchase of the property at UNIFASB's headquarters valued at approximately R\$ 34,000, already included in the total amount to be paid for the Transaction.

UNIFASB was merged by CENESUP on June 30, 2021.

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The table below shows the total assets acquired and identified, goodwill, liabilities taken out and the present value of the consideration for the acquisition:

	Instituto Avançado de Ensino Superior de Barreiras - IAESB
Intangible assets identified - Brand	12,783
Intangible assets identified - Customer	9,825
Intangible assets identified - Licenses	73,406
Other identifiable assets acquired	29,889
Goodwill	24,883
Liabilities taken	58,855
Consideration for the acquisition	(4,003)
	<u>205,638</u>

(h) Fael acquisition

On May 28, 2021, the Company entered into an Agreement for Assignment and Transfer of Shares whereby its subsidiary 3L Tecnologias Educacionais e Soluções Digitais S.A. ("3L Digital") agreed to acquire from Vanta Education Holdings Limited and Luiz Carlos Borges da Silveira Filho shares representing 100% of the share capital of Sociedade Técnica Educacional da Lapa S.A. ("FAEL"), supporting entity of Faculdade Educacional da Lapa – FAEL, operating nationwide exclusively in the form of Digital Learning (or Distance Learning – DL).

FAEL's operations are based in the city of Lapa (PR) and it one of the largest digital higher education institutions in Brazil, with approximately 90,000 students in the undergraduate and graduate modalities registered directly or indirectly in its institution. Its operating model is based on the distribution of courses via its more than 600 learning centers and has solid capillarity in municipalities with less than 100,000 inhabitants. Its operations have a model which is supplementary to the Group's model, both for its regional presence, concentrating around 67% of its undergraduate student base in the South, Southeast and Midwest regions, and for its commercial structure, since its network of partner learning centers accounts for around 98% of its student base, while the Group's partner leaning centers network corresponds to around 20% of its student base, with the remainder of this student base being enrolled via its own units and online enrollments.

As a consideration for the assignment and transfer of FAEL's shares, 3L Digital will pay at the closing date of the Transaction the base acquisition price R\$ 280,000, subject to adjustment related to FAEL's working capital and net debt, as well as the earn-out payment of up to R\$17,500, subject to the achievement of certain performance targets by FAEL.

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The conclusion of the transaction is subject to the fulfillment of certain conditions precedent that are usual in similar transactions, including the approval of the Administrative Council for Economic Defense – CADE and its effects are not reflected in these interim financial statements.

(i) Recognition and methodology of fair value of net assets

The fair value of net assets recognized in these business combinations is provisional and may be subject to changes during the measurement period, which may not exceed one year from the date of acquisition. Pursuant to NBC TG (R3), the acquirer must retrospectively adjust the provisional amounts recognized on the acquisition date to reflect any new information obtained concerning facts and circumstances existing on the acquisition date, which, if known on that date, would have affected the measurement of recognized amounts. During the measurement period, the acquirer shall also additionally recognize assets or liabilities, when new information is obtained about facts and circumstances existing on the acquisition date, which, if known on that date, would have resulted in the recognition of those assets and liabilities on that date.

The provisional estimate of the fair value of the assets acquired and liabilities taken, made by management with the support of its independent consultants, considered the following methodologies:

- (a) Customer portfolio: “Multiperiod Excess Earnings”;
- (b) Accreditation and Operating Licenses: Income Approach and “With or Without Method” (“WOWM”); and
- (c) Brands: The Income approach, more specifically the “Relief-from-Royalty Method”.

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Section E - Selected relevant notes

7 Financial instruments by category

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Financial assets carried at amortized cost				
Cash and cash equivalents	4,540	2,277	14,323	10,597
Short-term investments	203,040	485,349	443,188	669,336
Accounts receivable	135,597	120,352	373,591	342,469
Related parties	6,996	7,972	6,996	7,972
	<u>350,173</u>	<u>615,950</u>	<u>838,098</u>	<u>1,030,374</u>
Assets measured at fair value through profit or loss				
Securities	12,464	225	15,022	1,176
Accounts receivable Educured	35,035	29,722	99,980	87,524
	<u>47,499</u>	<u>29,947</u>	<u>115,002</u>	<u>88,700</u>
	<u>397,672</u>	<u>645,897</u>	<u>953,100</u>	<u>1,119,074</u>
Financial liabilities carried at amortized cost				
Suppliers	18,777	16,933	42,907	38,170
Loans and financing	536,810	540,213	537,405	540,892
Debentures	25,221	50,166	25,221	50,166
	<u>580,808</u>	<u>607,312</u>	<u>605,533</u>	<u>629,228</u>
Liabilities measured at fair value through profit or loss				
Lease commitments	223,527	216,979	664,815	651,027
Commitments payable			214,819	62,000
	<u>223,527</u>	<u>216,979</u>	<u>879,634</u>	<u>713,027</u>
	<u>804,335</u>	<u>824,291</u>	<u>1,485,167</u>	<u>1,342,255</u>

The fair value of the financial instruments approximates the carrying amounts, since the impact of the discount to present value, using market interest on June 30, 2021, is not significant. Fair values are based on discounted cash flows, using the Group's cost of capital, which is similar to the rate of the contracts entered into.

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8 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cash on hand	60	61	156	148
Banks - current account	4,480	2,216	14,167	10,449
Short-term investments	203,040	485,349	443,188	669,336
Cash and cash equivalents	207,580	487,626	457,511	679,933
Short-term investments	12,464	225	15,022	1,176
Securities	12,464	225	15,022	1,176
Total	220,044	487,851	472,533	681,109

Cash and cash equivalents consist of the Group's cash on hand, deposits in banks and short-term financial investments with daily liquidity, maintained to meet short-term commitments and not for investment or other purposes, and that are readily convertible into a known amount of cash and subject to an immaterial risk of changes in value. These funds were classified as cash equivalents as they meet the criteria established by NBC TG 03 (R3) / IAS 7.

The funds will be used to finance the business expansion, through (i) acquisitions and (ii) investments in organic growth, including the expansion and the infrastructure of the distance learning network centers and investments for the installation of new on-campus units. The reduction in invested funds basically refers to the disbursement of R\$ 210,000 for the acquisitions of UNESC and UNIFASB, in February and April 2021, respectively.

Short-term investments comprise conservative Fixed Income investment funds, with securities indexed to the DI rate and portfolios mostly invested in government bonds and securities issued by financial institutions, in addition to repo agreements backed by debentures, belonging to the portfolio of financial institutions, with low risk for the group, and Bank Deposit Certificates (CDB), which are securities issued by financial institutions, as follows:

Type	Average remuneration	Parent Company		Consolidated	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
CDB	101.29% of CDI (101.69% of CDI in 2020)	203,040	485,349	443,188	669,336
	Short-term investments	203,040	485,349	443,188	669,336
Repo transactions	75.00% of CDI (75.00% of CDI in 2020)	2,000		2,702	951
Investment Funds	105.35% of CDI (132.79% of CDI in 2020)	10,464	225	12,320	225
	Securities	12,464	225	15,022	1,176

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9 Accounts receivable

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Monthly tuition fees (a)	151,017	123,306	402,075	352,708
FIES receivable (b)	26,905	36,148	94,133	115,762
Agreements receivable (c)	32,149	31,009	103,365	98,532
Education credits receivable (d)	53,649	46,244	154,795	137,091
Other	11,359	10,352	21,999	19,533
Total	275,079	247,059	776,367	723,626
(-) Allowance for expected credit losses (a)	(90,214)	(84,448)	(266,122)	(259,272)
(-) Adjustment to present value Educud	(14,233)	(12,537)	(36,674)	(34,361)
	170,632	150,074	473,571	429,993
(-) Current	(143,577)	(127,074)	(399,079)	(363,718)
Non-Current	27,055	23,000	74,492	66,275

Non-current receivables relate to educational credits receivable with terms over 365 days, as per Note 9 (d).

The Company writes-off its receivables overdue over 720 days considering the expressive volume of recovery during this time interval, in line with the methodology applied to the calculation of its allowance for expected credit losses, which considers the history of recoverability of the securities within 720 days of their maturity.

(a) Student tuition

As of June 30, 2021 and December 31, 2020, the maturity analysis of student tuition was as follows:

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Overdue up to 30 days	19,587	13,492	46,708	43,090
Overdue 31 to 60 days	15,367	13,437	37,307	34,349
Overdue 61 to 90 days	16,946	11,121	38,256	28,710
Overdue 91 to 180 days	22,619	18,192	59,644	49,038
Overdue 181 to 360 days	33,048	30,084	90,265	92,179
Overdue 361 to 540 days	25,827	19,471	80,003	53,996
Overdue 541 to 720 days	17,623	17,509	49,892	51,346
	151,017	123,306	402,075	352,708

As mentioned in Note 1.1, the crisis resulting from the measures to contain the Covid-19 pandemic had an impact on the Brazilian economy and, consequently, on the process of intake and undergraduate enrollments by the Group, in addition to the increase in default, especially in the on-campus undergraduate segment. The Group is actively working to mitigate these impacts, through the introduction of more assertive methodologies for the renegotiation of tuitions in arrears, including new payment methods, with a view to reestablishing adequate conditions for receiving monthly payments.

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Part of the monthly inflow from accounts receivable for student tuitions is pledged as collateral for the Company's loans with the International Finance Corporation (IFC) and Caixa Econômica Federal (Note 16(c)), in amounts equivalent to 25% and 10% of the loan, respectively.

(b) Higher Education Student Financing Fund (FIES) receivable

Educational credits receivable (FIES system) represent educational credits, the financing of which is contracted by the students with Caixa Econômica Federal - CEF and the National Fund for Education Development (FNDE). The financial resources may be transferred from CEF and Banco do Brasil on a monthly basis to a specific bank account. This amount may be used for the payment of withheld social security contributions on the salaries of Group employees and are also converted into cash by means of auctions of National Treasury Bonds.

The amounts outstanding as of June 30, 2021, refer to the installments of students re-enrolled in FIES and part of tuitions for the half-year period, pending transfer by the Federal Government.

(c) Agreements receivable

The Group's Management imposes strict criteria preventing debt rollover from one semester to the next. Student agreement receivables refer to renegotiations with students who are in debt to the Group, which offers different means of payment to students, considering the respective credit limits for each student, and, if necessary, requests the assignment of a guarantor for the credit granted.

As of June 30, 2021 and December 31, 2020, the maturity of the balances for agreements receivable is as follows:

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
To be due	6,930	7,024	24,499	24,614
Overdue up to 30 days	2,835	2,534	8,942	8,110
Overdue 31 to 60 days	2,727	2,638	8,395	8,066
Overdue 61 to 90 days	2,387	2,334	7,017	7,284
Overdue 91 to 180 days	4,029	3,596	12,560	10,614
Overdue 181 to 360 days	5,524	4,798	17,270	15,506
Overdue 361 to 540 days	3,985	4,145	13,071	12,612
Overdue 541 to 720 days	3,732	3,940	11,611	11,726
	<u>32,149</u>	<u>31,009</u>	<u>103,365</u>	<u>98,532</u>

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(d) Educational receivables

Educational credits receivable include those from Educred, Orevaler, Fundacred (Fundação de Crédito Educativo) and Facicred (educational credit plan run by the newly-acquired company Facimed) referring to financing contracted by students and approved by the Group, recorded at present value. Such financial resources will be transferred to the Company and its subsidiaries from the month following the graduation of the respective students.

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Educred	49,268	42,259	136,654	121,885
Pravaler (i)	4,341	3,940	14,820	14,515
Other	40	45	3,321	691
	53,649	46,244	154,795	137,091
(-) Adjustment to present value	(14,233)	(12,537)	(36,674)	(34,361)
	<u>39,416</u>	<u>33,707</u>	<u>118,121</u>	<u>102,730</u>
(-) Current	(12,361)	(10,707)	(43,629)	(36,455)
Non-Current	27,055	23,000	74,492	66,275

- (i) Refers to the portion of the agreements related to the product that shares the risks of possible default with the Company's institutions.

As of June 30, 2021 and December 31, 2020, the maturity of balances for educational receivables is presented below, net of the adjustment to present value:

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
To be due	35,116	30,086	102,888	89,886
Overdue up to 30 days	286	230	894	678
Overdue 31 to 60 days	288	166	897	498
Overdue 61 to 90 days	271	160	864	468
Overdue 91 to 180 days	833	442	2,498	1,287
Overdue 181 to 360 days	800	1,323	2,433	4,955
Overdue 361 to 540 days	1,239	613	4,741	3,063
Overdue 541 to 720 days	583	687	2,906	1,895
	<u>39,416</u>	<u>33,707</u>	<u>118,121</u>	<u>102,730</u>

The amounts to be due include the adjustment to present value of the balance totaling R\$ 14,233 in the Parent Company and R\$ 36,674 in the Consolidated, with R\$ 1,164 and R\$ 2,848, respectively, referring to students contracted from January to June 2021, recognized as gross revenue in the P&L for the period.

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(e) Allowance for expected credit losses

The allowance for expected credit losses of own and third-party educational agreements, monthly tuitions and credits is calculated pursuant to the guidelines of NBC TG 48 / IFRS 9 and reflects the expected loss of accounts receivable according to the default rate for the last 24 months per student, by the amount due and each maturity period, except for educational credits from Federal Government programs (FIES).

The calculation of the allowance for expected credit losses for students with FIES educational credit, within the scope of the previous program, was prepared as follows:

- (i) For FIES students with a guarantor, and FGEDUC - Educational Credit Transaction Guarantee Fund: a provision was set up for the percentage of 4.05% of accounts receivable with this characteristic, on an assumption of 15% credit risk on 27% default;
- (ii) For financing guaranteed by FGEDUC: for the non-covered risk, a provision was set up for the 10% under the supporting entities' responsibility for the 15% credit risk from an estimate of 27% risk of default, that is 0.405%; and
- (iii) Under the new FIES, the provision is made considering the percentage of 13% of the amount of the student's installment. FGEDUC charges and administrative fees are no longer calculated on the tuition fees of these students.

The change in the allowance for expected credit losses related to accounts receivable from the Group's students for the periods ended June 30 is shown below:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance as of December 31 of the previous year	(84,448)	(36,576)	(259,272)	(113,149)
Write-off of unrecoverable credits	18,148	23,095	58,918	67,876
Allowance for expected credit losses arising from business combination			(8,148)	
Allowance for expected credit losses	<u>(23,914)</u>	<u>(22,867)</u>	<u>(57,620)</u>	<u>(61,216)</u>
Balance as of June 30	<u>(90,214)</u>	<u>(36,348)</u>	<u>(266,122)</u>	<u>(106,489)</u>

As previously mentioned, the Group writes-off credits considered uncollectible on a quarterly basis, corresponding to receivables overdue for more than 720 days.

The increase in the asset balance and the reduction in the setting of allowance for expected credit losses refer to the change in criteria that took place in the last quarter of 2020, which changed the estimate history from 360 to 720 days. Additionally, the allowance setting was also reduced in 2021 due to the improved recovery of such credits in the period.

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10 Taxes recoverable and payable

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Taxes recoverable				
Current				
Income tax and social contribution to offset	3,881	1,106	11,949	7,370
Service tax - ISS			5,182	5,185
Other			4	1
	<u>3,881</u>	<u>1,106</u>	<u>17,135</u>	<u>12,556</u>
Non Current				
ISS to offset (i)			4,069	4,856
	<u>3,881</u>	<u>1,106</u>	<u>21,204</u>	<u>17,412</u>
Taxes payable				
Current				
Income tax and social contribution		28,414	1,230	29,380
Withholding income tax	1,240	2,493	4,323	7,080
Service tax - ISS	1,812	1,329	6,485	6,621
Installment payment of taxes (ii)	41	207	1,867	1,918
PIS and COFINS	211	1,503	252	1,514
Other	19	2,408	229	2,500
	<u>3,323</u>	<u>36,354</u>	<u>14,386</u>	<u>49,013</u>
Non Current				
Tax installments (ii)			4,848	5,261
	<u>3,323</u>	<u>36,354</u>	<u>19,234</u>	<u>54,274</u>

- (i) Refers to Service Tax to be offset by UNINORTE, due to acquired tax benefits;
- (ii) Refers mainly to ISS paid in installments at UNINORTE, in the amount of R\$ 1,575 in the short term and R\$ 4,069 in the long term, with fixed installments of R\$ 131 and final maturity on January 9, 2025.

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11 Intangible Assets

(a) Parent Company

<u>Breakdown</u>	Annual rates of of Amortization	June 30, 2021			December 31, 2020
		Cost	Amortization	Balance	Balance
Brands and patents					
Software licenses and deployments	20%	50,319	(36,048)	14,271	11,903
Operating licenses	33%	13,601	(12,464)	1,137	999
Agreements (i)	25%	11,155	(3,972)	7,183	6,801
Digital Content	20%	36,091	(14,855)	21,236	22,608
Goodwill	20%	5,282	(4,562)	720	1,048
Goodwill (ii)		5,125		5,125	5,125
		<u>121,573</u>	<u>(71,901)</u>	<u>49,672</u>	<u>48,484</u>

<u>Change</u>	December 31,		June 30, 2021	
	2020	Additions	Amortization	
Brands and patents				
Software licenses and deployments	11,903	4,693	(2,325)	14,271
Operating licenses	999	480	(342)	1,137
Agreements (i)	6,801	1,432	(1,050)	7,183
Digital Content	22,608	1,952	(3,324)	21,236
Goodwill	1,048		(328)	720
Goodwill (ii)	5,125			5,125
	<u>48,484</u>	<u>8,557</u>	<u>(7,369)</u>	<u>49,672</u>

(b) Consolidated

<u>Breakdown</u>	Annual rates of of Amortization	June 30, 2021			December 31, 2020
		Cost	Amortization	Balance	Balance
Brands and patents					
Software licenses and deployments	20%	63,670	(48,461)	15,209	12,752
Operating licenses	33%	24,967	(22,146)	2,821	2,606
Agreements	25%	14,102	(6,245)	7,857	7,297
Digital Content	20%	36,136	(14,869)	21,267	22,643
Goodwill	20%	5,300	(4,580)	720	1,048
Goodwill		468,147		468,147	301,221
Intangible assets identified on acquisitions		523,050	(38,217)	484,833	369,168
		<u>1,135,372</u>	<u>(134,518)</u>	<u>1,000,854</u>	<u>716,735</u>

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<u>Change</u>	December 31,		Additions from		Amortization from		June 30, 2021
	2020	Additions	Amortization	business combinations (ii)	business combination		
Brands and patents							
Software licenses and deployments	12,752	4,861	(2,483)	270	(191)		15,209
Operating licenses	2,606	1,073	(858)				2,821
Agreements (i)	7,297	1,907	(1,347)				7,857
Digital Content	22,643	1,953	(3,329)				21,267
Goodwill	1,048		(328)				720
Goodwill	301,221			166,926			468,147
Intangible assets identified on acquisitions	369,168		(9,948)	125,613			484,833
	<u>716,735</u>	<u>9,794</u>	<u>(18,293)</u>	<u>292,809</u>	<u>(191)</u>		<u>1,000,854</u>

- (i) Refer to agreements with hospitals, clinics and polyclinics to carry out practical classes and tutor the Company's students;
- (ii) Additions in goodwill and intangible assets identified in acquisitions result from the acquisition of Unesc (Note 6(f)) and Unifasb (Note 6(g)).

(c) Goodwill

	June 30, 2021	December 31, 2020
<u>Direct and indirect Investments</u>		
CETEBA - Centro de Ensino e Tecnologia da Bahia Ltda.	4,140	4,140
ABES - Sociedade Baiana de Ensino Superior Ltda.	8,405	8,405
Sociedade Educacional Carvalho Gomes Ltda.	4,362	4,362
SESPS - Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda.	1,043	1,043
Faculdade Maurício de Nassau de Belém Ltda.	959	959
CESP - Centro de Ensino Superior Piauiense	8,662	8,662
Sociedade de Ensino Superior Piauiense	5,360	5,360
FADE - Faculdade Decisão	1,028	1,028
Instituto de Ensino Superior Juvêncio Terra Ltda.	573	573
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	43,591	43,591
Faculdade Joaquim Nabuco de Olinda Ltda.	3,521	3,521
Sociedade Universitária Mileto Ltda.	1,346	1,346
Colégio Cultural Módulo Ltda.	5,394	5,394
Sociedade Regional de Educação e Cultura Ltda.	69,365	69,365
Beduka Serviços de Tecnol em Educação Ltda	2,009	2,009
Sociedade Educacional de Rondônia S/S Ltda - UNESC	108,071	
	<u>267,829</u>	<u>159,758</u>
<u>Merged companies</u>		
Instituto Avançado de Ensino Superior de Barreiras Ltda - UNIFASB	58,855	
UNESPA - União de Ensino Superior do Pará	87,136	87,136
ISES - Instituto Santareno de Educação Superior	5,320	5,320
ADEA - Sociedade de Desenvolvimento Educacional Avançado Ltda.	5,125	5,125
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda	43,882	43,882
	<u>468,147</u>	<u>301,221</u>

Goodwill determined in business combinations has an indefinite useful life, being subject to impairment test carried out on an annual basis. See item (e) of this Note.

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(d) Intangible assets identified on acquisitions

As of June 30, 2021 and December 31, 2020, , intangible assets identified on investment acquisitions were as follows:

	June 30, 2021					December 31, 2020				
	Course licenses (i)	Brands (ii)	Customer Portfolio (ii)	Early Rental Agreement	Total	Course licenses (i)	Brands (ii)	Customer Portfolio (ii)	Early Rental Agreement	Total
Sociedade de Ensino Superior e de Pesquisa de Sergipe Ltda - SESPS	467		200		667	467		200		667
Faculdade Maurício de Nassau de Belém Ltda	1,261				1,261	1,261				1,261
Centro de Ensino Superior Piauiense - CESP	4,404	508			4,912	4,404	508			4,912
Sociedade de Ensino Superior Piauiense Ltda.	5,996	692			6,688	5,996	692			6,688
Faculdade Decisão - FADE	2,200	100			2,300	2,200	100			2,300
Instituto de Ensino Superior Juvêncio Terra Ltda.	2,400	100			2,500	2,400	100			2,500
Faculdades COC de Maceió - FACOCMA	3,000				3,000	3,000				3,000
Faculdade Joaquim Nabuco de Olinda Ltda	2,700	400			3,100	2,700	400			3,100
Sociedade Universitária Miletto Ltda	4,500				4,500	4,500				4,500
Sociedade Paulista de Ensino e Pesquisa S/S Ltda.	90,600	17,400	5,600		113,600	90,600	17,400	5,600		113,600
Colégio Cultural Módulo Ltda - UNIJUZEIRO	7,897	3,501	248		11,646	7,897	3,501	248		11,646
Sociedade Regional de Educação e Cultura Ltda - FACIMED	58,821		16,792		75,613	58,821		16,792		75,613
Sociedade Metodista Bennett	10,000				10,000	10,000				10,000
Sociedade Educacional de Rondônia S/S Ltda - UNESC	17,900	7,300	4,400		29,600					
Total	212,146	30,001	27,240		269,387	194,246	22,701	22,840		239,787
Accumulated amortization	(1,354)	(5,695)	(7,953)		(15,002)		(5,183)	(5,800)		(10,983)
	210,792	24,306	19,287		254,385	194,246	17,518	17,040		228,804
Merged companies										
Instituto Avançado de Ensino Superior de Barreiras Ltda - UNIFASB	73,405	12,783	9,825		96,013					
União de Ensino Superior do Pará – UNESPA	45,500	12,100	800		58,400	45,500	12,100	800		58,400
Instituto Santareno de Educação Superior – ISES	7,600	700			8,300	7,600	700			8,300
SODECAM - Sociedade de Desenvolvimento Cultural do Amazonas Ltda	42,450	22,500		26,000	90,950	42,450	22,500		26,000	90,950
Total	168,955	48,083	10,625	26,000	253,663	95,550	35,300	800	26,000	157,650
Accumulated amortization		(5,641)	(800)	(16,774)	(23,215)		(4,744)	(800)	(11,742)	(17,286)
	168,955	42,442	9,825	9,226	230,448	95,550	30,556		14,258	140,364
	379,747	66,748	29,112	9,226	484,833	289,796	48,074	17,040	14,258	369,168

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- (i) Course licenses acquired through business combinations are recognized initially at fair value. These intangible assets identified on acquisitions have indefinite useful lives and are subject to annual impairment tests.
- (ii) Brands and portfolios of students acquired through business combinations are recognized initially at fair value.

(e) Impairment of goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs identified in accordance with the respective units that benefit from the transaction and that do not generate economic benefits for the Group.

The recoverable amount of a CGU is determined based on the calculation of its value in use. Those calculations use estimates of cash flow, before income tax (IRPJ) and social contribution (CSLL), based on financial assumptions approved by Management during a 5-year period ("explicit period"). The amounts concerning the cash flow after the five-year period are extrapolated based on estimated growth rates. The growth rate does not exceed the average long-term growth rate for the sector in which a CGU operates. The Company uses nominal growth rates, which include expected inflation plus the expected growth rate of the education sector on its growth and discount rates for its cash flow forecasts.

The Company's management performs annual impairment tests, but monitors the performance of each CGU on a quarterly basis to assess the need to anticipate the impairment tests, aiming at possible recognition of losses. In this sense, the assumptions used in the asset recovery test carried out on December 31, 2020, were reviewed on June 30, 2021, and the results obtained did not show elements that indicate the need for a provision for impairment in the this period.

12 Right of use

Refers mainly to rental agreements for real estate where its universities, university centers, educational centers, colleges, and offices are located.

For all lease agreements, the Group recognized assets representing the rights of use by the lease liabilities as follows

As mentioned in Note 2.2, the Group opted to use the practical procedure provided for in the standard that amended NBC TG (R3) / IFRS 16, concerning discounts obtained during Covid 19 pandemic, without remeasuring the right of use related to the discounts of certain lease agreements. Such discounts were recognized directly in the income for the period (Note 22).

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(a) Balance breakdown

		June 30, 2021			December 31, 2020
	Average annual depreciation rates	Cost	Depreciation	Balance	Balance
Parent Company					
Right of Use of Real Estate	10%	273,082	(85,408)	187,674	183,694
Total		<u>273,082</u>	<u>(85,408)</u>	<u>187,674</u>	<u>183,694</u>
Consolidated					
Right of Use of Real Estate	10%	821,254	(252,981)	568,273	570,737
Total		<u>821,254</u>	<u>(252,981)</u>	<u>568,273</u>	<u>570,737</u>

(b) Change

	December 31, 2020	Additions (i)	Write-offs (ii)	Depreciation	June 30, 2021
Parent Company					
Right of Use of Real Estate	183,694	21,199	(4,487)	(12,732)	187,674
Total	<u>183,694</u>	<u>21,199</u>	<u>(4,487)</u>	<u>(12,732)</u>	<u>187,674</u>
Consolidated					
Right of Use of Real Estate	570,737	43,519	(4,550)	(41,433)	568,273
Total	<u>570,737</u>	<u>43,519</u>	<u>(4,550)</u>	<u>(41,433)</u>	<u>568,273</u>

(i) Additions refer to new leased properties, including the property arising from Unesc acquisition, and the adjustments of minimum payments (remeasurement) (Note 19(b));

(ii) Write-offs carried out at the Parent Company and Consolidated refer mainly to the return of rented property in Petrolina-PE.

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13 Property and equipment

(a) Balance breakdown

		June 30, 2021			December 31, 2020
	Average annual depreciation rates	Cost	Depreciation	Balance	Balance
Parent Company					
Lands		25,257	-	25,257	25,257
Buildings and improvements	6%	237,925	(81,942)	155,983	160,677
Vehicles	6% and 10%	2,147	(1,475)	672	586
Equipment and facilities	10%	67,353	(33,912)	33,441	34,084
Furniture and fixtures	10%	24,917	(15,565)	9,352	10,127
Computers	20%	34,326	(27,095)	7,231	7,213
Books	20%	42,511	(26,794)	15,717	16,917
Total in operation		434,436	(186,783)	247,653	254,861
Construction in progress		10,748	-	10,748	7,586
Total Property and Equipment		445,184	(186,783)	258,401	262,447
Consolidated					
Lands		25,257	-	25,257	25,257
Buildings and improvements	6%	444,169	(163,206)	280,963	250,841
Vehicles	6% and 10%	5,344	(3,628)	1,716	1,043
Equipment and facilities	10%	216,506	(124,442)	92,064	89,494
Furniture and fixtures	10%	76,683	(51,485)	25,198	25,503
Computers	20%	82,385	(70,619)	11,766	10,655
Books	20%	121,832	(81,844)	39,988	40,701
Pieces of Art		4	-	4	4
Total in operation		972,180	(495,224)	476,956	443,498
Construction in progress		12,755	-	12,755	9,591
Total Property and Equipment		984,935	(495,224)	489,711	453,089

(b) Change

Parent Company	Balances as of				Balances as of
	December 31, 2019	Additions	Write-Offs	Depreciation	December 31, 2020
Lands	25,257	-	-	-	25,257
Buildings and improvements	160,677	5,015	(2,835)	(6,874)	155,983
Vehicles and aircrafts	586	249	-	(163)	672
Equipment and facilities	34,084	2,475	(57)	(3,061)	33,441
Furniture and fixtures	10,127	233	-	(1,008)	9,352
Computers	7,213	1,556	-	(1,538)	7,231
Books	16,917	494	-	(1,694)	15,717
Total in Operations	-	-	-	-	-
Construction in progress	254,861	10,022	(2,892)	(14,338)	247,653
Total Property and Equipment	7,586	3,162	-	-	10,748
	262,447	13,184	(2,892)	(14,338)	258,401

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Consolidated	December 31, 2020	Additions / Transfers (i)	Write-offs (ii)	Depreciation	Equity Valuation Adjustments	Additions from business combinations	Depreciation from business combination	June 30, 2021
Lands	25,257	-	-	-	-	-	-	25,257
Buildings and improvements	250,841	6,796	(2,835)	(10,760)	29,890	17,853	(10,822)	280,963
Vehicles	1,043	265	-	(271)	-	997	(318)	1,716
Equipment and facilities	89,494	4,764	(89)	(8,881)	-	14,133	(7,357)	92,064
Furniture and fixtures	25,503	497	(30)	(3,012)	-	6,651	(4,411)	25,198
Computers	10,655	1,789	(5)	(2,469)	-	2,815	(1,019)	11,766
Books	40,701	1,499	-	(4,040)	-	4,991	(3,163)	39,988
Pieces of Art	4	-	-	-	-	-	-	4
Total in operation	443,498	15,610	(2,959)	(29,433)	29,890	47,440	(27,090)	476,956
Construction in progress	9,591	3,162	-	-	-	2	-	12,755
Total Property and Equipment	453,089	18,772	(2,959)	(29,433)	29,890	47,442	(27,090)	489,711

(i) Additions refer mainly to refurbishments at the units in Boa Vista/RR, Porto Velho/RO and Macapá-AP;

(ii) Write-offs carried out at the Parent Company and Consolidated refer mainly to the return of rented properties in Petrolina-PE and Juazeiro do Norte-CE.

(c) Guarantees

The Group has an aircraft loan agreement (Finame), which fiduciarily disposes of the asset acquired. As of June 30, 2021, the Parent Company and the Consolidated had R\$ 18,548, related to the guarantee for this agreement. In addition, buildings, machinery, and IT equipment are pledged as collateral in legal proceedings in the total amount of R\$ 7,912 as of June 30, 2021 in the Parent Company and Consolidated.

14 Trade accounts payable

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Legal Entity Suppliers	18,414	16,463	41,928	37,210
Individual Suppliers	363	470	979	960
	18,777	16,933	42,907	38,170

15 Commitments payable

Commitments payable arise from the following investment acquisitions:

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	Consolidated	
	June 30, 2021	December 31, 2020
Sociedade Regional de Educação e Cultura Ltda. ("FACIMED") (Note 6(c))	50,693	50,000
Colégio Cultural Módulo Ltda. ("UNIJUAZEIRO")(Note 6(d))	12,133	12,000
Sociedade Educacional de Rondônia S/S Ltda. ("UNESC") (Note 6(f))	76,355	
Instituto Avançado de Ensino Superior de Barreiras. ("UNIFASB") (Note 6(g))	75,638	
	<u>214,819</u>	<u>62,000</u>
(-) Current	<u>(44,596)</u>	<u>(2,400)</u>
Non-Current	<u>170,223</u>	<u>59,600</u>

16 Loans and financing

(a) Balance breakdown

Modality	Financial charges	Parent Company		Consolidated	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
IFC (i)	CDI + 1.65% p.a.	21,907	32,635	21,907	32,635
Working Capital (ii)	CDI + 2.30% to 2.9% p.a.	507,873	499,566	507,873	499,565
Finame	6% p.a.	7,030	8,012	7,030	8,012
Leasing	0.99% p.m. and 1.09% p.m.			595	680
		<u>536,810</u>	<u>540,213</u>	<u>537,405</u>	<u>540,892</u>
(-) Current		<u>(210,713)</u>	<u>(113,386)</u>	<u>(210,986)</u>	<u>(113,624)</u>
Non-Current		<u>326,097</u>	<u>426,827</u>	<u>326,419</u>	<u>427,268</u>

- (i) On June 30, 2015, the Group entered into a financing agreement with International Finance Corporation to cover the building costs of Aracaju (SE) and Fortaleza (CE) campuses, the modernization and refurbishment of existing campuses, and new acquisitions. The financed amount is R\$ 120,000 and was released on August 3, 2015, with costs of R\$ 1,335 incurred in the fundraising. The payment term is seven years, including a two-year principal grace period, with interest paid in April and October of each year. Although the funds were obtained abroad in US Dollars, IFC established the transaction in Brazilian Reais with no foreign exchange risk to the Group.

On June 15, 2021, the Group entered into a new financing agreement with International Finance Corporation (IFC), aimed to strengthen the Group's growth strategy and digital transformation in the total amount of R\$ 200,000, with a term of 7 years, to be paid semiannually in 11 installments as of April 2023. Financing will yield an average interest rate of CDI+2.55% p.a. in the first tranche of R\$ 165,000 and the second tranche of R\$ 35,000, which will be disbursed together and proportionally to the first tranche, with an interest rate to be defined according to market conditions at the time of disbursement. A commitment fee of 1% p.a. will be charged between the date of signing the agreement and the disbursement, expected to occur by the end of 2021.

- (ii) On April 27, 2020, the Group contracted 3 loans for working capital in the total amount of R\$ 500,000 to reinforce cash, and renegotiated its costs and terms in December 2020, as follows:

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Terms	Itaú		Santander		Cash
	Original	Renegotiated	Original	Renegotiated	Original
Amount	R\$200,000	R\$200,000	R\$100,000	R\$100,000	R\$200,000
Charges: CDI +% p.a.	3.40%	2.75%	3.10%	2.90%	2.30%
# Installments	1	8	1	7	8
Frequency of installments	Bullet	Six-monthly	Bullet	Six-monthly	Quarterly
Interest frequency	Six-monthly	Six-monthly	Six-monthly	Six-monthly	Monthly
Initial maturity	N/A	July/2021	N/A	December/2021	August/2021
Initial maturity	April/2022	January/2025	May/2020	December/2024	May/2023

There are no amounts of loans and financing denominated in foreign currency by the Company.

(b) Change

The debt breakdown in the Parent Company and Consolidated for the periods ended June 30 is as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
As of December 31	540,213	540,892
Interest incurred	14,010	14,010
Interest paid	(5,322)	(5,322)
Amortization	(12,091)	(12,235)
As of June 30	<u>536,810</u>	<u>537,405</u>

(c) Collaterals

Finame's values refer to the financing of the aircraft and are guaranteed by the fiduciary sale of the asset (Note 13 (c)). For IFC, the Group has pledged as guarantee the fiduciary assignment of credits related to a portion of monthly tuition paid by the students of the Group, representing 25% of total loans. For Caixa Econômica Federal, collaterals are represented by short-term investments and fiduciary assignment of credits, representing 25% and 10% respectively, in addition to corporate guarantee from subsidiaries.

(d) Classification by year of maturity

The long-term installments fall due as shown below:

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	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Between one and two years	180,148	190,824	180,378	191,049
Between two and three years	80,524	130,316	80,616	130,532
Between three and four years	65,425	80,687	65,425	80,687
Between four and five years		25,000		25,000
	326,097	426,827	326,419	427,268

The fair value of loans approximates the carrying amounts since the impact of discounting is not significant. Fair values are based on discounted cash flows, using the Group's cost of capital, which is similar to the rate of the contracts entered into.

(e) Covenants

IFC loan requires the maintenance of certain covenants as follows:

- result of the division of current assets less prepaid expenses by current liabilities - a current liquidity ratio of at least 1.2;
- result of the division of net debt by adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA). The resulting amount must not be higher than 2.5, and may be 0.5 Higher for 4 consecutive quarters, in the event of corporate acquisition of an education company; and
- the result of the division of net income (discounted for non-cash adjustments) by the projected payment of interest and amortization of gross debt in the next 12 months. The resulting amount must not be lower than 1.2, although this quarter it was 1.14, on a one-off and extraordinary basis, and it is already in the process of obtaining a waiver from IFC. As of June 30, 2021, the balance of said agreement is already classified in current liabilities due to its original amortization schedule.

Working capital loans require the maintenance of the following covenants:

Banco Itaú e Caixa Econômica Federal

- the result of the division of net debt by adjusted EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization"), whereby the resulting value must not exceed 2.5, and may be 0.5 higher for 4 consecutive quarters, in the event of a corporate acquisition with a similar corporate purpose; and
- the result of the division of EBITDA on the net financial expense considering the bank debt charges deducted from the income from short-term investments, whereby the resulting value must not be lower than 2.0.

Banco Santander

- the result of the division of net debt by adjusted EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization"), whereby the resulting value must not exceed 2.5, and may be 0.5 higher for 4 consecutive quarters, in the event of a corporate acquisition with a similar corporate purpose; and
- Current liquidity must be higher than or equal to 1.2.

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For the period ended June 30, 2021, as well as in previous periods, the covenants related to loan agreements were analyzed and there were no amounts exceeding the contractual limits

17 Debentures

On August 10, 2017, the Board of Directors approved the Group's second issue of simple, unsecured debentures, not convertible into shares, in two equal series, in accordance with CVM Instruction 476. The funds raised were used to settle the debentures related to the first issue of debentures and financing entered into by the Group, and the remaining balance was used to strengthen working capital. The balance of the unit par value of the debentures will be subject to interest corresponding to the accumulated variations of the DI rate, plus a spread of 0.65% per year for First Series debentures and of 1.35% per year for Second Series debentures.

The issuance of debentures was closed on October 3, 2017, with a unit par value of R\$ 1,000, amounting to R\$ 200,000 with costs incurred of R\$ 3,302. The payment term of the First Series is two years with a single installment on September 15, 2019, and the payment term of the Second Series is four years with four equal half-yearly installments, the first maturity on March 15, 2020 and last on September 15, 2021.

The debentures issued by the Group require the maintenance of certain covenants calculated based on the financial statements of the Group, which is the guarantor of the issue,

for each quarter, and are required starting 2017 up to final maturity. The main financial indices are as follows:

- the result of the division of net debt by adjusted EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization"), which must not be higher than 2.5, but which may be higher than 0.5 for four consecutive quarters, in the event of acquisition of interest in a company with a similar corporate purpose; and
- the result of the division of EBITDA by net financial expenses, considering bank debt charges deducted from gains with short-term investments, which must not be lower than 2.0.

For the period ended June 30, 2021, as well as in previous periods, the covenants related to the debenture indentures were analyzed and there were no amounts exceeding the contractual limits.

If the Company acquires an interest in a company with a similar corporate purpose, the net debt/EBITDA ratio may increase by up to 0.5 for four consecutive quarters as of the quarter in which the debt related to the acquisition is contracted.

The balance of R\$ 25,221 (R\$ 50,166 as of December 31, 2020) refers to the maturity of the last installment, which will occur in September 2021, recorded only in current liabilities, and its fair value is close to its carrying amount, since the contractual rate reflects the adjusted value for settling the transaction.

The balance change for the period ended June 30, 2021, refers to interest incurred, in the amount of R\$ 642, and the amount paid for the 2nd series on March 15, 2021, in the amount of R\$ 25,793, R\$ 25,000 as principal and R\$ 793 as interest.

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18 Salaries and social charges

	<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>
Salaries payable	7,643	9,242	20,596	24,463
Labor charges	6,877	4,923	17,029	13,030
Provision for vacation and charges	21,287	20,548	48,693	46,827
Provision for Christmas bonus and charges	7,106		16,902	
Long term incentive plan	4,800	3,600	4,800	3,600
Profit sharing	2,960	3,621	3,832	4,400
Other	1,036	274	2,408	625
	<u>51,709</u>	<u>42,208</u>	<u>114,260</u>	<u>92,945</u>

19 Lease commitments

Lease agreements terms set forth varied periods and reach up to ten years, mainly, and may be automatically renewed at the lessee's unilateral request at the end of the term. Agreements are payable monthly at fixed amounts, which are adjusted annually by the civil construction index (INCC) or IGP-M disclosed by the Getulio Vargas Foundation. There are no restrictions or clauses that depend on income or the distribution of dividends by the Group.

Agreements were classified, in the Group's assessment, as a lease if essentially transferring the right to control the use of the identified asset for a period of time in exchange for a consideration. The present value of the agreements was calculated at rates equivalent to those for capturing transactions with risk and similar nature.

The Company adopted the practical procedure set forth in CVM Resolution No. 859, of July 7, 2020, which allowed lessees to account for the effects of grantings received as minimum lease payments, as a result of the pandemic caused by Covid-19, directly in the result of the period in the amount of R\$ 2,599, according to Note 22 (iii), whereby the application of the accounting treatment for contractual amendment provided for in the standard is not required.

(a) Maturities

The due dates for the payments of the minimum lease of the lease agreements are as follows:

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Parent Company			June 30, 2021	December 31, 2020
Maturities	Minimum payments	Discount to present value	Present value of minimum payments	Present value of minimum payments
Current				
Up to one year	43,989	(22,859)	21,130	19,398
Non-Current				
Between one and two years	43,334	(20,706)	22,628	20,883
Between two and three years	38,145	(18,520)	19,625	19,903
Between three and four years	36,846	(16,346)	20,500	18,672
Over four years	190,270	(50,626)	139,644	138,123
	308,595	(106,198)	202,397	197,581
	352,584	(129,057)	223,527	216,979
Consolidated			June 30, 2021	December 31, 2020
Maturities	Minimum payments	Discount to present value	Present value of minimum payments	Present value of minimum payments
Current				
Up to one year	122,661	(65,496)	57,165	49,320
Non-Current				
Between one and two years	136,301	(58,924)	77,377	67,266
Between two and three years	100,881	(52,589)	48,292	60,675
Between three and four years	95,214	(47,835)	47,379	43,340
Over four years	644,220	(209,618)	434,602	430,426
	976,616	(368,966)	607,650	601,707
	1,099,277	(434,462)	664,815	651,027

(b) Change

The change in lease obligations is as follows:

	Parent Company	Consolidated
Balance as of December 31, 2020	216,979	651,027
New agreements and arising from a business combination	21,199	43,519
Write-offs (i)	(4,772)	(4,839)
Interest	12,036	33,782
Minimum payments	(21,915)	(58,674)
Balance as of June 30, 2021	223,527	664,815

(i) Write-offs made at the Parent Company refer to the return of rented property in Petrolina-PE, also impacting the Consolidated. The net effect of the write-off due to the return of properties was recorded under "Other operating revenues (expenses), net" in the income for the period.

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20 Share capital and reserves

a) Share Capital

As of June 30, 2021, the Company's share capital is represented by 128,721,560 registered common shares with no par value, totaling R\$ 991,644. Costs incurred by the Company for the issue of shares in November 2017 totaled R\$ 4,095, deducted from the share capital, and awaiting capitalization by the Company's Board of Directors.

The Company's shareholders authorized the Board of Directors to increase the capital up to the limit of R\$ 1,500,000.

(b) Legal reserve

As of June 30, 2021, the Company had R\$ 73,382 (December 31, 2020 - R\$ 70,594) as legal reserve. The legal reserve takes 5% of profit for the year or the remaining balance, up to the limit of 20% of share capital. The purpose of the legal reserve is to ensure the integrity of capital, and it may only be used to offset losses and increase capital.

(c) Retained earnings

As of June 30, 2021 and December 31, 2020, the Company's retained earnings amounts to R\$ 368,344. Retained earnings represent the portion of profit allocated to the retained earnings reserve account for future capital investment, subject to the approval of shareholders at the Annual Shareholders' Meeting.

(d) Dividends and interest on equity

On December 10, 2020, the Board of Directors resolved on the payment of interest on equity, totaling the gross amount of R\$ 15,465 and net of income tax of R\$ 13,520, which was paid on January 20, 2021.

On April 30, 2021, the Board of Directors resolved to pay the remaining dividends for the year 2020, in the amount of R\$ 11,197, which was paid on May 28, 2021.

Dividends to be paid calculated up to June 30, 2021, are shown below:

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	June 30, 2021
Net income as of June 30, 2021	55,766
(-) Creation of legal reserve June 30, 2021	(2,788)
Adjusted net income as of June 30, 2021	52,978
Total dividends payable - 30% (R\$ 0.13 per share)	15,893

21 Net Revenue from services

	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	Parent Company 01/01/2020 to 06/30/2020
Gross revenue from services provided				
Undergraduate courses monthly tuition	236,632	455,851	204,532	404,683
Graduate courses monthly tuition	344	710	1,097	1,866
Distance learning monthly tuition	54,549	102,371	33,196	65,666
Other revenues	1,324	3,259	308	1,554
	<u>292,849</u>	<u>562,191</u>	<u>239,133</u>	<u>473,769</u>
Gross revenue deductions				
Discounts and scholarships (i)	(104,426)	(211,929)	(79,563)	(167,026)
PROUNI	(24,928)	(49,451)	(21,868)	(41,921)
FGEDUC and FIES charges (ii)	(744)	(1,287)	(1,787)	(3,103)
Taxes on services	(4,494)	(8,249)	(4,158)	(7,657)
	<u>(134,592)</u>	<u>(270,916)</u>	<u>(107,376)</u>	<u>(219,707)</u>
	<u>158,257</u>	<u>291,275</u>	<u>131,757</u>	<u>254,062</u>

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	<u>04/01/2021 to</u> <u>06/30/2021</u>	<u>01/01/2021 to</u> <u>06/30/2021</u>	<u>04/01/2020 to</u> <u>06/30/2020</u>	<u>Consolidated</u> <u>01/01/2020 to</u> <u>06/30/2020</u>
Gross revenue from services provided				
Undergraduate courses monthly tuition	649,736	1,217,951	563,274	1,104,124
Graduate courses monthly tuition	5,732	11,454	8,717	17,975
Distance learning monthly tuition	76,049	143,635	48,462	95,939
Other revenues	3,334	7,572	1,349	5,461
	<u>734,851</u>	<u>1,380,612</u>	<u>621,802</u>	<u>1,223,499</u>
Gross revenue deductions				
Discounts and scholarships (i)	(263,103)	(524,684)	(201,709)	(425,483)
PROUNI	(71,010)	(137,221)	(60,714)	(115,908)
FGEDUC and FIES charges (ii)	(2,438)	(3,601)	(4,429)	(8,247)
Taxes on services	(12,649)	(22,731)	(11,930)	(22,315)
	<u>(349,200)</u>	<u>(688,237)</u>	<u>(278,782)</u>	<u>(571,953)</u>
	<u>385,651</u>	<u>692,375</u>	<u>343,020</u>	<u>651,546</u>

- (i) The increase also reflects the higher volume of discounts and scholarships due to campaigns to attract students in the first half of 2021, in addition to the higher representativeness of discounts and scholarships from campaigns to attract undergraduate students for re-enrollment in 2021 and the higher volume of discounts for defaulting students as a result of Covid 19 crisis; and
- (ii) The decrease reflects the lower number of seats offered by the Federal Government within the scope of FIES, which has been occurring since the 1st half of 2018.

22 Costs of Services Provided

	Parent Company			
	<u>04/01/2021 to</u> <u>06/30/2021</u>	<u>01/01/2021 to</u> <u>06/30/2021</u>	<u>04/01/2020 to</u> <u>06/30/2020</u>	<u>01/01/2020 to</u> <u>06/30/2020</u>
Payroll and social charges	(33,489)	(63,371)	(32,251)	(65,259)
Services provided by individuals and companies (i)	(4,751)	(8,508)	(3,052)	(5,289)
Electricity, water and telephone (ii)	(2,130)	(4,566)	(2,084)	(6,651)
Depreciation and amortization	(15,232)	(30,117)	(16,886)	(33,360)
Rents (iii)	(929)	(1,564)	1,318	2,657
Other	(2,064)	(4,123)	(1,599)	(3,321)
	<u>(58,595)</u>	<u>(112,249)</u>	<u>(54,554)</u>	<u>(111,223)</u>

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	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	Consolidated 01/01/2020 to 06/30/2020
Payroll and social charges	(104,866)	(193,026)	(92,838)	(189,239)
Services provided by individuals and companies (i)	(8,800)	(14,589)	(4,258)	(7,806)
Electricity, water and telephone (ii)	(5,668)	(12,315)	(5,167)	(15,263)
Depreciation and amortization.	(43,250)	(82,600)	(40,827)	(81,079)
Rents (iii)	(6,225)	(6,056)	6,486	4,371
Other	(4,269)	(7,847)	(1,702)	(4,266)
	<u>(173,078)</u>	<u>(316,433)</u>	<u>(138,306)</u>	<u>(293,282)</u>

- (i) The increase is due to tutoring services, as a result of a higher volume of practical classes to be offset due to the pandemic period;
- (ii) The decrease in these costs is due to the suspension of on-campus activities at the units, as part of the set of measures adopted by state governments to contain Covid-19 pandemic. (Note 1.1);
- (iii) The increase is due to lower discounts negotiated during the pandemic period, which reversed the account balance in 2020, and to the booking of R\$ 4,000 related to a judicial settlement for rent adjustment.

23 Operating expenses

(a) Selling, general and administrative expenses

	Parent Company			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Payroll and social charges (i)	(25,883)	(51,516)	(21,480)	(46,410)
Services provided by individuals and companies (i)	(8,001)	(19,190)	(6,923)	(14,138)
Selling, marketing and advertising (ii)	(23,680)	(49,019)	(10,011)	(26,625)
Provision and effective loss for doubtful accounts (iii)	(13,658)	(23,914)	(17,399)	(22,867)
Depreciation and amortization.	(2,142)	(4,322)	(2,355)	(4,797)
Office supplies	(586)	(1,560)	(484)	(1,671)
Other	(3,704)	(7,705)	(4,052)	(9,216)
	<u>(77,654)</u>	<u>(157,226)</u>	<u>(62,704)</u>	<u>(125,724)</u>
	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Payroll and social charges (i)	(40,731)	(80,181)	(33,346)	(73,971)
Services provided by individuals and companies	(12,995)	(27,204)	(9,152)	(24,084)
Selling, marketing and advertising (ii)	(30,723)	(65,819)	(15,973)	(41,328)
Provision and effective loss for doubtful accounts (iii)	(40,314)	(57,620)	(47,475)	(61,216)
Depreciation and amortization.	(3,275)	(6,559)	(3,546)	(7,191)
Office supplies	(1,678)	(3,616)	(750)	(3,703)
Other	(8,463)	(16,346)	(6,702)	(16,973)
	<u>(138,179)</u>	<u>(257,345)</u>	<u>(116,944)</u>	<u>(228,466)</u>

- (i) Personnel expenses and social charges increased in both periods of 2021 compared to the periods of the previous year, as a result of the suspension of employment contracts, which occurred in 2020, due to Covid-19 pandemic;

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- (ii) Marketing expenses increased due to campaigns to launch new digital products, new courses in existing units and new units;
- (iii) The reduction in the provision for expected credit losses in June 2021 was due to the change in the methodology applied to calculation, which now considers the history of recoverability of the debts within up to 720 days of their maturity, instead of the term of up to 360 days used in the periods of the previous year.

(b) Other operating revenues (expenses), net

	Parent Company			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Write-off of PPE / Right of Use	248	(2,284)	(93)	1,897
Judicial fees	(1,526)	(2,538)	(578)	(1,642)
Provision for contingencies	217	(3,143)	608	(937)
Other	(338)	469	1,549	768
	<u>(1,399)</u>	<u>(7,496)</u>	<u>1,486</u>	<u>86</u>
	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Write-off of PPE / Right of Use (i)	(754)	(3,290)	(75)	1,901
Judicial fees	(3,459)	(5,829)	(1,897)	(4,417)
Provision for contingencies	(1,654)	(2,898)	602	930
Fine for termination of atypical lease agreement (ii)	(7,100)	(7,100)		
Other	(47)	2,193	2,926	1,336
	<u>(13,014)</u>	<u>(16,924)</u>	<u>1,556</u>	<u>(250)</u>

- (i) Property and equipment and the right of use of two returned properties due to discontinued operations were written off (Note 19 (b) (i)), in the total amount of R\$ 2,519;
- (ii) Refers to the construction completion of Campina Grande unit, which was carried out through an atypical lease agreement (*buit-to-suit*).

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24 Finance income (costs)

	Parent Company			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Finance income				
Interest on monthly tuitions and agreements	559	868	83	138
Income from short-term investments	1,752	3,753	1,986	2,910
(-) PIS and Cofins on finance income	(100)	(214)	(112)	(195)
Other	143	291	343	485
	<u>2,354</u>	<u>4,698</u>	<u>2,300</u>	<u>3,338</u>
Finance costs				
Interest on financial debt (i)	(8,247)	(14,922)	(5,807)	(8,499)
Interest on leases	(6,008)	(12,036)	(6,834)	(13,875)
Discounts granted	(3,172)	(2,667)	(2,246)	(6,374)
Other	(1,425)	(2,386)	(1,398)	(1,595)
	<u>(18,852)</u>	<u>(32,011)</u>	<u>(16,285)</u>	<u>(30,343)</u>
Finance income (costs), net	<u>(16,498)</u>	<u>(27,313)</u>	<u>(13,985)</u>	<u>(27,005)</u>
	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Finance income				
Interest on monthly tuitions and agreements	2,146	9,658	1,934	9,937
Income from short-term investments	3,568	6,557	3,204	5,601
(-) PIS and Cofins on finance income	(387)	(871)	(250)	(970)
Other	(89)	550	511	1,096
	<u>5,238</u>	<u>15,894</u>	<u>5,399</u>	<u>15,664</u>
Finance costs				
Interest on financial debt (i)	(8,284)	(15,107)	(5,829)	(9,006)
Interest on leases	(16,879)	(33,782)	(17,879)	(35,761)
Discounts granted	(14,159)	(15,576)	(7,414)	(16,444)
Inflation adjustment losses (ii)	(1,196)	(1,196)		(1,578)
Other	(2,907)	(3,694)	(3,031)	(3,416)
	<u>(43,425)</u>	<u>(69,355)</u>	<u>(34,153)</u>	<u>(66,205)</u>
Finance income (costs), net	<u>(38,187)</u>	<u>(53,461)</u>	<u>(28,754)</u>	<u>(50,541)</u>

- (i) Despite the reduction in interest rates, interest on financial debts has increased as a result of contracting new loans (Note 16 (a));
- (ii) It refers to inflation adjustment of the amounts of commitments payable.

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25 Income tax and social contribution

Pursuant to Law No. 11.096/2005, regulated by Decree 5.493/2005 and by Regulatory Instruction of the Federal Revenue Service 456/2004, under the terms of Article 5 of Executive Decree 213/2004, higher education institutions that join PROUNI are exempted, during the term of the membership agreement, from taxes including IRPJ and CSLL, among others, and the calculation shall be based on the income from the operation of exempted activities. The reconciliation of the taxes determined, according to the nominal rates, and the amount of taxes recorded on June 30, 2021 and December 31, 2020 are presented below:

(a) Breakdown of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)

	Parent Company			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Current IR and CS				
Taxable income			(1,864)	(1,864)
Tax incentive			683	683
IR and CS - previous periods		(325)		
Total IR and CS		<u>(325)</u>	<u>(1,181)</u>	<u>(1,181)</u>

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Current IR and CS				
Presumptive profit	(293)	(730)	(145)	(364)
Taxable income	(9,942)	(21,491)	(24,489)	(41,311)
Tax incentive	9,219	19,680	21,077	36,766
Total IR and CS	<u>(1,016)</u>	<u>(2,541)</u>	<u>(3,557)</u>	<u>(4,909)</u>

(b) Companies under presumptive profit regime

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Gross revenue from sales	1,521	3,169	458	1,713
32% assumption	487	1,014	147	548
Other revenues	375	1,132	284	523
Income before income tax and social contribution	<u>862</u>	<u>2,146</u>	<u>431</u>	<u>1,071</u>
Income tax and social contribution =- 34%	<u>293</u>	<u>730</u>	<u>145</u>	<u>364</u>

Part of the higher education support operations and professional education operations are carried out under the presumptive profit regime of the Company's investees.

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(c) Companies under taxable income regime

	Parent Company			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Income before income tax and social contribution	24,347	52,791	57,990	74,497
Combined nominal rate of income tax and social contribution - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	8,278	17,949	19,717	25,329
Interest in the profit of subsidiaries	(20,874)	(36,366)	(19,036)	(28,662)
Adjustment to present value of accounts receivable	577	850	615	632
Leases	970	1,513	644	1,293
Creation of allowance for expected credit losses	1,616	(942)	481	(191)
Other additions and exclusions	(2,272)	(5,223)	483	3,854
Reversal of contingencies	1,069	2,212	(207)	442
IR and CS - previous periods	(325)	(325)		
Offsetting of tax loss			(833)	(833)
	(10,961)	(20,332)	1,864	1,864
Tax benefit from operation profit - PROUNI			(683)	(683)
Income tax and social contribution on the income (loss) for the period			1,181	1,181
Effective tax rate - %	NA	NA	2.04%	1.59%

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Income before income tax and social contribution	21,365	45,961	60,572	79,007
Tax loss on subsidiaries	42,160	71,947	1,402	31,114
	63,525	117,908	61,974	110,121
Combined nominal rate of income tax and social contribution	34%	34%	34%	34%
Income tax and social contribution at statutory rates	21,598	40,089	21,071	37,441
Adjustment to present value of accounts receivable	1,157	1,335	692	803
Leases	4,967	7,835	1,117	3,050
Creation of allowance for expected credit losses	(5,962)	(6,650)	386	154
Other additions and exclusions	(13,289)	(22,951)	2,321	3,712
Reversal of contingencies	1,376	1,800	(76)	(689)
Offsetting of tax loss	95	33	(1,022)	(3,160)
	9,942	21,491	24,489	41,311
Tax benefit from operation profit - PROUNI	(9,219)	(19,680)	(21,077)	(36,766)
Income tax and social contribution on the income (loss) for the period	723	1,811	3,412	4,545
Effective tax rate - %	1.14%	1.54%	5.63%	5.75%

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(d) Breakdown of the effective rate

	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Income before income tax and social contribution				
Presumptive profit	862	2,146	431	1,071
Taxable income	<u>63,525</u>	<u>45,961</u>	<u>61,974</u>	<u>110,121</u>
	<u>64,386</u>	<u>48,107</u>	<u>62,405</u>	<u>111,192</u>
Income tax and social contribution				
Companies under presumptive profit regime	293	730	145	364
Companies under taxable income regime	<u>723</u>	<u>1,811</u>	<u>3,412</u>	<u>4,545</u>
Total current IR and CS	<u>1,016</u>	<u>2,541</u>	<u>3,557</u>	<u>4,909</u>
Effective tax rate	1.58%	5.28%	5.70%	4.42%

In the statement of the actual rate, the Group considered earnings before income tax and social contribution only from subsidiaries that had accounting and tax profit, so as not to mistate the calculation of the actual rate by the subsidiaries that presented accounting and tax loss.

(e) Deferred taxes

Refers to deferred income tax and social contribution assets and liabilities on temporary differences, tax losses, and business combinations constituted at rates that are expected to be in force at the time of their realization.

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Assets				
Adjustment to present value of accounts receivable	357	353	921	958
Provision for contingencies	147	43	309	149
Creation of allowance for expected credit losses	2,319	104	5,907	275
Right of use, net of depreciation and lease obligations	900	529	2,423	1,277
Intangible assets with a defined useful life identified in business combination	45		463	(377)
Tax goodwill			881	
Provision for discounts				663
Tax loss carryforwards	855	294	4,344	2,103
Total deferred tax assets, net	<u>4,623</u>	<u>1,323</u>	<u>15,248</u>	<u>5,048</u>
Parent Company				
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Results				
Adjustment to present value of accounts receivable	22	4	(126)	(124)
Provision for contingencies	(5)	104	(72)	(5)
Creation of allowance for expected credit losses	1,355	2,215	(254)	(243)
Right of use, net of depreciation and lease obligations	32	371	(1,194)	(1,015)
Intangible assets with a defined useful life identified in business combination		45		
Tax goodwill				
Provision for discounts		(294)		
Tax loss carryforwards	(53)	855	(447)	(447)
Total deferred tax assets, net	<u>1,351</u>	<u>3,300</u>	<u>(2,093)</u>	<u>(1,834)</u>

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	Consolidated			
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Results				
Adjustment to present value of accounts receivable	45	(37)	(442)	(426)
Provision for contingencies	42	160	712	(224)
Creation of allowance for expected credit losses	3,030	5,602	(553)	(521)
Right of use, net of depreciation and lease obligations	203	1,146	(1,226)	(674)
Intangible assets with a defined useful life identified in business combination	74	840	497	516
Tax goodwill	(55)	881		
Provision for discounts		(633)		
Tax loss carryforwards	287	2,241	(1,287)	(1,287)
Total deferred tax assets, net	3,626	10,200	(2,299)	(2,616)

The increase in deferred taxes reflects the change from 360 to 720 days of write-offs of accounts receivable (Note 9(e)).

26 Related parties

Transactions carried out between related parties are held on an arm's length basis.

(a) Current accounts

	Parent Company	
	June 30, 2021	December 31, 2020
Assets		
Ocktus Participações Ltda (i)	6,996	7,972
	<u>6,996</u>	<u>7,972</u>
(-) Current	(1,952)	(1,952)
Non-Current	5,044	6,020

- (i) On June 25, 2019, the Group entered into an Aircraft Purchase and Sale Promise Agreement with the company Ocktus Participações Ltda., owned by the shareholder José Janguê Bezerra Diniz, who established the transfer of ownership of the Phenom 300 aircraft for R\$24,902. The amount of this transaction, in the total amount of R\$10,901, is being received in 67 monthly installments, under conditions identical to the financing originally undertaken by the Group, through Finame (See Note 16).

The Group has the practice of capitalizing and/or distributing profits between the Company and its subsidiaries, as explained in Note 6(b).

b) Compensation of key management staff

Key management staff include the Group's statutory directors and officers. The compensation paid or payable to key management staff is shown below:

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	Parent Company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Global compensation of key management staff	7,295	6,258	7,295	6,258

Key management staff do not have post-employment benefits, termination benefits, or share-based compensation.

(c) Rent of properties

	June 30, 2021			Consolidated June 30, 2020		
	Expense	Payment (*)	Liabilities	Expense	Payment (*)	Liabilities
Rentals - Ocktus Participações Ltda	(885)	20,496	210,160	(5,686)	16,997	216,850

(*) Refers to the amount of the expense plus lease interest.

The group entered into Commercial Property Lease Agreements with Ocktus Participações Ltda. (Ocktus), owned by the shareholder José Janguê Bezerra Diniz, for a period of ten years, which may be renewed for an equal period. The difference between expense and payments refers to the minimum of assets for use, which is amortized in liabilities.

27 Provision for contingencies

Based on the opinion of its external legal counsel, the Management set up a provision in an amount considered sufficient to cover the probable potential losses from these ongoing lawsuits.

	Parent Company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Civil (a)	547	1,695	2,628	3,892
Labor (b)	5,304	1,013	9,661	5,499
	5,851	2,708	12,289	9,391
Indemnity contingencies (d)			112,015	112,015
	5,851	2,708	124,304	121,406

(a) Civil

The Group, with the support of its legal advisors, has performed a study, assessment, and quantification of its civil lawsuits to determine the probable outflow of funds thereto. As of June 30, 2021, the Management has a provision in the amount of R\$ 547 (December 31, 2020 - R\$ 1,695) for the Parent Company and R\$ 2,628 (December 31, 2020 - R\$ 3,892) for the Consolidated. Lawsuits classified as probable losses involve indemnity for pain and suffering and damage to property. There are no debts to the Group.

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Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

The Group has also performed a study, assessment, and quantification of the civil lawsuits classified as possible losses, for which no provision has been made, and which amounted to R\$ 22,886 as of June 30, 2021 (December 31, 2020 - R\$ 23,519) for the Parent Company and R\$ 55,407 (December 31, 2020 - R\$ 57,678) for the Consolidated. The main claims are related to: (i) lawsuits arising from undue blacklisting in credit protection bodies and undue maintenance of said negative entry; (ii) lawsuits due to delays in issuing diplomas; (iii) lawsuits due to problems in the amendment, enrollment, refund (class not created) and transfer related to FIES.

(b) Labor

The Group, with the support of its legal advisors, has performed a study, assessment, and quantification of its labor lawsuits to determine the probable outflow of funds related to those cases. As of June 30, 2021, the Management has a provision in the amount of R\$ 5,304 (December 31, 2020 - R\$ 1,013) for the Parent Company and R\$ 9,661 (December 31, 2020 - R\$ 5,499) for the Consolidated.

In addition, the Group carried out a survey, assessment, and quantification of several labor claims, classified as possible loss risk, for which no provision has been recorded. The amount as of June 30, 2021 is R\$ 14,473 (December 31, 2020 - R\$ 23,195) for the Parent Company and R\$ 52,742 (December 31, 2020 - R\$ 43,724) for the Consolidated. The main claims are related to: overtime, unused vacation, the recognition of employment relationships, equal pay and salary differences resulting from the reduction of faculty working hours.

(c) Tax

The Group, with the support of its legal advisors, has performed a study, assessment, and quantification of its tax lawsuits to determine the probable outflow of funds related to those cases. Management has not made provision for the Parent Company and Consolidated, as there were no lawsuits classified as probable losses on that date.

In addition, the Group carried out a study, assessment, and quantification of the various tax lawsuits classified as representing possible losses, for which there is no provision. The amount as of June 30, 2021 is R\$ 8 (December 31, 2020 - R\$ 8) for the Parent Company and R\$ 2,341 (December 31, 2020 - R\$ 191) for the Consolidated.

(d) Labor contingencies for indemnity purposes resulting from a business combination

The main actions include:

- a. Labor claims of Centro de Ensino Superior Piauiense Ltda. - CESPI, Sociedade de Ensino Superior Piauiense Ltda. – SIESPI and its subsidiaries Centro Integrado de Educação Superior do Piauí Ltda. - CIESPI, arising from business combination in 2013 in the amount of R\$ 3,249 as of June 30, 2021 and December 31, 2020 (Parent Company);
- b. Case 0019270-28.2014.8.14.0301 - This relates to a tax collection lawsuit brought by the Municipality of Belém related to the collection of ISS due to UNESPA's supposed loss of tax exemption. The matter is related to the ISS tax exemption granted to UNESPA by the

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Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

government through a municipal decree. The exemption was later withdrawn, and the tax credit related to the last five years was assessed, generating this lawsuit. UNESPA filed an action for annulment, registered under No. 0057879- 84.2009.8.14.0301, to annul the tax assessment notices that authorized the filing of such tax collection lawsuit. Motions to stay execution have been filed and the process is currently in the evidentiary stage. The classification of loss attributed by the external legal counsel is possible in the amount of R\$ 103,082 as of June 30, 2021 and December 31, 2020. Despite this, the cause is considered in the amount of the contingent liabilities arising from the business combination with UNESPA.

The selling shareholders have contractually agreed to indemnify the Company for the amount that may become due concerning the lawsuits mentioned above. The withholding of a portion of the acquisition amounts has been fixed contractually, as well as discounts on the future rental of the units, and the properties have been mortgaged in favor of the Company to guarantee that amount. In this sense, an indemnity asset, equivalent to the fair value of the indemnified liability, as described above, was recorded in the total amount of R\$ 112,015.

In addition to the provisioned lawsuits, with indemnity assets recognized by the Company, we also have a contingency under discussion regarding tax assessment notices to collect social security contributions and contributions to entities and funds, from January 2011 to December 2012, in the amount of R\$ 90,945 as of June 30, 2021 and December 31, 2020, of Sociedade Paulista de Ensino e Pesquisa (SOPEP), current supporting entity of UNG. The Federal Revenue Service understood that the activities carried out by Associação Paulista de Educação e Cultura (APEC), the former supporting entity of UNG, were not classified as non-profit, and even though the maintenance of UNG was only transferred in January 2015, SOPEP was issued a notice of secondary liability for the lack of payment of said contributions. In addition, on April 19, 2018, a new tax assessment notice was issued, extending the period in concern to 2014, adding R\$ 82,084 and totaling R\$ 173,029. Both cases are under analysis by the Administrative Council of Tax Appeals (CARF), linked to the current Ministry of Economy.

As the contingency refers to periods prior to the acquisition, the agreement establishes that any losses are guaranteed by the retention or discounts in the future rent of units, and mortgages of properties in favor of the Company. The lawyers in charge of these proceedings were contracted by the selling shareholders and are monitored by the Group's lawyers, and classified these lawsuits as possible losses.

28 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the quarter. The Company does not have potential common shares with dilutive effects.

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
Earnings for the year attributable to the Parent Company's shareholders	55,766	71,482
Weighted average of common shares outstanding (thousands)	128,722	128,722
Basic and diluted earnings per share - R\$	<u>0.43</u>	<u>0.56</u>

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Period ended June 30, 2021

In thousands of Brazilian reais, unless otherwise indicated

29 Subsequent event – Acquisition of Centro de Desenvolvimento da Medicina Veterinária and Hospital Veterinário DOK

On July 1, 2021, the Company entered into an Agreement for the Purchase and Sale of Quotas and Other Covenants, through which its subsidiary Clínica Escola de Saúde Uninassau Ltda. (“Buyer”) agreed to acquire 100% of the share capital of Centro de Desenvolvimento da Medicina Veterinária, Cursos e Treinamento Ltda. (“CDMV”) and Clínica Veterinária CDMV Ltda. (“Hospital Veterinário DOK”).

Hospital Veterinário DOK is located in Barra da Tijuca, Rio de Janeiro (RJ) and features a full infrastructure operating 24/7, dedicated to small animals. It has more than 70 veterinarians and 26 beds, two of which are ICU beds, its own full laboratory structure including X-ray, ultrasound, pathology laboratory, as well as endoscopy and 24/7 hemodialysis.

CDMV is a reference institution in the Veterinary Medicine segment and has a team with expertise in veterinary hospital management and dedicated to offering postgraduate courses and extension courses in the area of Veterinary Medicine. Its differential is the focus on veterinary practice in postgraduate and extension courses, which is supplementary to the Group's undergraduate courses, which in turn has about 5,000 veterinary medicine students in approximately 19 of its units. The acquisition will provide a networking effect in the Group, creating differentials in its current undergraduate courses in Veterinary Medicine, as well as expanding its portfolio of postgraduate and extension courses based on practical classes.

In consideration for the assignment and transfer of all CDVM and Hospital quotas veterinarian DOK, Buyer will pay a total amount of R\$ 12,000, of which R\$ 8,400 in cash, which was paid on August 04, 2021, the closing date of the Transaction, and R\$ 3,600 in 5 equal, annual and successive installments, the first one being due on the first anniversary of the closing date, and the others on the same date of the subsequent 4 years, adjusted by the IPCA variation between the closing date and the date of each payment. Any net indebtedness of CDMV and Hospital Veterinário DOK will be deducted from the installment amount of the Transaction price.

* * *



Message from Management

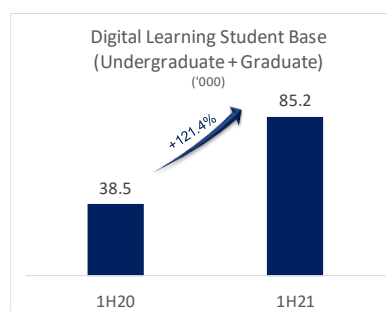
Ser Educacional ended the first half of 2021 under an environment of economic recovery, following the pace of population vaccination and the reopening of activities in each city. In this sense, the post-covid-19 scenario could be of **high transformation for Brazilian higher education**, since this period has provided significant changes in the behavior of students, especially because this audience has longer life and career expectancy, compared to previous decades, and has come to accept technological teaching tools and the concepts of digital teaching naturally, as these have been virtually the only way to remain academically active in this period of social isolation.

This new profile of students, associated with a regulatory environment that evolved with the regulatory framework of Distance Learning 2017 and MEC ordinance of December 2019, which allowed educational institutions to offer on-site courses with up to 40% of their course load by digital means, created a fertile innovation environment in higher education, allowing for the adoption of new technologies, curriculum frameworks, academic models, new modalities of offers and commercial models. Attentive to these movements, **Ser Educacional transformed its business, implementing market innovations with speed and focus on creating a complete ecosystem to offer continued education in Brazil.**



The Digital Learning segment has become an important part of this process. Remodeled as of the second half of 2020, Ser Educacional's distance learning program was transformed into Digital Learning, bringing many new features, such as modern courses that meet the needs of the labor market, introduction of the concept of accelerated graduation and entry without the need for class formation. All this with new, intuitive and interactive content that uses the best pedagogical concepts and quality standards, through recognized brands in the labor market.

The example of the Singular Tech School is remarkable in this regard. It is a technology school created in partnership with the world's largest companies in the field, with a focus on creating technology courses, a market segment showing a great shortage of professionals, even in a country that still experiences high rates of unemployment. These changes were also supported by a commercial strategy that was also remodeled, both from the point of view of repositioning brands, prices and distribution channels. **As a result, Digital Learning has become relevant for Ser Educacional, representing 38.1% of the student base in 2Q21 and 14.9% of adjusted EBITDA.**



To complete the Digital Learning strategy, Ser Educacional announced this quarter the acquisition of FAEL, an educational institution specialized in 100% online courses with 90 thousand students distributed in more than 600 learning centers. This transaction, in addition to being relevant to Ser Educacional's history, will bring the Company to more than 1,000 Digital Education learning centers and will turn it into a nationwide company with solid synergies and strategic fit and is pending approval by CADE so that it can be consolidated in the results.



With FAEL, Ser Educacional will have a base of over 175 thousand students in Digital Education and exceeding 313 thousand students in higher education¹, allowing the Company to have a relevant scale nationwide and to be prepared to grow via partner learning centers, an important channel for offering higher education.



And innovation in this segment also followed new growth avenues. In the last 12 months, offer modalities were created, such as via e-commerce portals or even the launch of GoKursos, a new online course portal with more than 4 thousand courses and channels that are a trend in the market such as: single purchase model, subscriptions, partner courses in a revenue share system, among other innovations in a modern and intuitive platform.

This transformation was only possible with the introduction of the new teaching framework, Ubíqua. Based on active teaching methodologies, with state-of-the-art technology and content built in a flexible way to provide the creation of new courses and new distribution formats and optimize results, Ubíqua allows Ser Educacional the necessary flexibility to structure courses and distribution formats that enable it to explore new market segments and offering formats.

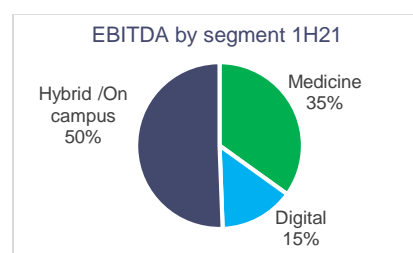


An example of this was the on-campus teaching intake this half-year period, which became known as Hybrid/On-Campus Teaching and was entirely carried out through the Ubíqua platform using the hybrid teaching model and which received high approval rates from teachers and students in its first year of launching, **transforming the Company's on-campus teaching into a hybrid system and preparing it for a new phase of expansion of the student base**, supported by a top-notch curriculum framework, a broad portfolio of courses focused on the health and engineering segments offered on campuses that meet new market trends, well located with strong regional brands recognized by the labor market.

The growth of the continued education ecosystem continued to advance this quarter and has overcome the barriers of traditional education with the acquisition of CDMV and Hospital Veterinário DOK. This is an institution that offers postgraduate courses in Veterinary Medicine and has its own veterinary hospital equipped for highly complex care. Located in Barra da Tijuca, Rio de Janeiro, CDMV/DOK is a reference in the region and its model will be replicated in other 19 units of the Company that offer undergraduate courses in Veterinary Medicine, **expanding the ecosystem into a highly addressable market segment for both higher education in Veterinary Medicine and for Veterinary Hospitals, maximizing the use of educational assets and starting operations in the animal health market.**



In the medical courses segment, the third acquisition of the Company in this segment, UNIFASB, was completed this quarter. With this transaction, **Ser Educacional expanded its annual medical seat base by 73% reaching 473 annual seats** and now has a relevant position in Ser Educacional's results, while strengthening its position within the North and Northeast regions of Brazil, which are experiencing high growth due to the evolution of Brazilian agribusiness.



¹ Pro forma considering information from Fael in 4Q20 and Ser Educacional in 2Q21, and the transaction still pending CADE approval.



Ser Educacional enters the second half of 2021 prepared to benefit from the transformation of higher education that begins in this post-pandemic period with its **ecosystem in full expansion, with new avenues of value generation, a large operational scale and an integrated, multi-channel offer**. The Company would like to take this opportunity to thank its employees, students, and faculty for all their dedication during these challenging and transformational periods for the industry and for the future of Ser Educacional.

OPERATIONAL PERFORMANCE

The 2021.1 intake process took place during the COVID-19 pandemic, which impacted the offer of hybrid education in 1Q21, but showed a resumption of pace as of 2Q21, with the release of ENEM's results at the end of March 2021 and with the advance of vaccination.

Student Enrollment			
In thousands	1H21	1H20	% Chg
Undergraduate Enrollments	97.7	64.4	51.8%
Digital	58.1	19.8	193.5%
Hybrid (On-campus)	39.6	44.6	-11.2%
Hybrid (On-campus) - Ex-Acquisitions	38.3	44.6	-14.0%
Graduate Enrollments	5.9	3.8	54.1%
Digital	5.6	2.9	91.1%
On-campus	0.3	0.9	-66.9%
TOTAL	103.5	68.2	51.9%

Hybrid (on-campus) undergraduate student intake - 2021.1

Intake in hybrid (on-campus) undergraduate students recorded 11.2% drop when comparing 1H21 and 1H20, still due to the impacts of COVID-19, which, as mentioned above, showed a resumption starting 2Q21.

At the end of 1H21, 1.4 thousand new FIES agreements were executed, from the 3.1 thousand seats allocated to the Company by the Federal Government, in 2021.1, with 1.1 thousand freshmen and 0.3 thousand upperclassmen.

Digital learning undergraduate student intake - 2021.1

The digital learning undergraduate segment maintained the pace presented in 1Q21 and closed the first half of 2021 as the highlight of the intake, with a 193.5% growth in new enrollment volume, as a result of the following factors (i) increase in commercial campaigns, aiming at benefiting from the positive momentum of this segment during the pandemic, (ii) the successful launch of Digital Courses and (iii) the repositioning of prices of the 100% online traditional courses in certain locations, in order to address the market changes.

Graduate student intake - 2021.1

The total enrollment for graduate programs recorded 54.1% growth, with emphasis on digital graduate programs, which ended 1H21, with an intake of 5.6 thousand students, compared to 2.9 thousand in 1H20, representing 91.1% increase. With the intake performance in this segment, the final base of digital graduate students in 1H21 was 12.6 thousand students. The improved enrollment of digital learning graduate programs was due to the focus on offering these courses especially at partner locations.



Evolution of the Student Base

Number of Students	Undergraduate		Graduate		Vocational		Total
	Hybrid (On Campus)	Digital	On Campus	Digital	On Campus	Digital	Total
2021.1							
Dec20 Base	131,613	38,997	4,487	14,836	1,276	28	191,237
Enrollments	39,569	58,113	295	5,568	433	2	108,948
UnG Acquisition	4,968	-	-	-	-	-	4,968
Leavers	(14,544)	(907)	(2,329)	(5,490)	(67)	(28)	(23,365)
Dropouts	(26,840)	(23,612)	(82)	(2,311)	(171)	(2)	(53,018)
Jun21 Base	134,766	72,591	2,371	12,603	1,471	-	228,770
% Jun21 Base / Dec20 Base	2.4%	86.1%	-47.2%	-15.1%	15.3%	-100.0%	19.6%
% Jun21 Base / Jun20 Base	-2.8%	156.1%	-52.7%	24.2%	13.9%	-100.0%	24.6%
Jun21 Base (Ex-Acquisitions)	129,798	72,591	2,371	12,603	1,471	-	218,834
% Jun21 Base / Jun20 Base	-6.4%	156.1%	-52.7%	24.2%	13.9%	-100.0%	19.2%

As a result of the items discussed above, the hybrid (on-campus) undergraduate student base totaled 134.8 thousand students in 1H21, representing a 2.8% reduction as compared to the reported base of 138.7 thousand students in 1H20. In the analysis ex-acquisitions, the change in the hybrid (on-campus) student base 1H21 x 1H20 was 6.4% lower.

The digital learning student base (which represents the sum of digital learning undergraduate and graduate students) showed 121.4% growth, increasing from 38.5 thousand students in 1H20 to 85.2 thousand students in 1H21.

Dropout Rate

Dropout rate for hybrid (on-campus) undergraduate was down 4.1 p.p., to 16.6% in 1H21, versus 20.7% in 1H20, showing that this rate is on track to return to a pre-COVID-19 levels.

Average Net Ticket

Average Ticket (R\$)	2Q21	2Q20	% Chg. 2Q21 x 2Q20
Hybrid (On Campus) Undergraduate	812.34	746.09	8.9%
Digital (Undergraduate + graduate)	197.36	218.02	-9.5%
Total Net Average Ticket	570.21	621.40	-8.2%

The average hybrid (on-campus) undergraduate ticket in 2Q21 was R\$812.34, representing 8.9% growth when compared to the same period of the previous year. Excluding acquisitions, which have a higher average ticket than the Company's mainly due to its seats in medical courses, the average ticket in hybrid (on-campus) undergraduate segment was R\$760.18, 0.8% lower compared to 2Q20, showing that the cycle of price reductions in student intake is flattening and that the acquisitions made by the Company of institutions offering medical courses have helped to speed up this process.

In the digital learning segment, the reduction in the average ticket refers to two main factors: the change in the courses mix, since the new line of 100% online courses was the main responsible for the increase in the volume of new enrollments.



Student Financing

STUDENT LOANS	Dec/13	Dec/14	Dec/15	Dec/16	Dec/17	Dec/18	Dec/19	2Q20	Dec/20	1Q21	2Q21
Hybrid (on campus) Undergraduate Students	70,255	101,195	123,988	131,092	133,945	127,837	145,496	138,712	131,613	129,739	134,766
FIES Students	31,432	48,048	56,089	58,840	55,565	40,427	34,156	25,612	20,137	14,487	15,292
% of FIES Students	44.7%	47.5%	45.2%	44.9%	41.5%	31.6%	23.5%	18.5%	15.3%	11.2%	11.3%
EDUCRED Students			754	1,922	2,390	3,952	4,464	4,970	3,779	2,168	3,335
% of EDUCRED Students			0.6%	1.5%	1.8%	3.1%	3.1%	3.6%	2.9%	1.7%	2.5%
PRAVALER Students			954	1,794	2,873	3,265	2,168	1,848	1,612	772	839
% of PRAVALER Students			0.8%	1.4%	2.1%	2.6%	1.5%	1.3%	1.2%	0.6%	0.6%
Total Students Loans			57,797	62,556	60,828	47,644	40,788	32,430	25,528	17,427	19,466
% of Total Students Loans			46.6%	47.7%	45.4%	37.3%	28.0%	23.4%	19.4%	13.4%	14.4%

As of June 30, 2021, FIES students accounted for 11.3% of the hybrid (on-campus) undergraduate base, with 7.1 p.p. reduction as compared to the end of 2Q20, when FIES students accounted for 18.5% of the undergraduate student base, and 7.6 p.p. reduction excluding acquisitions. This decline was caused by the federal government's decision to reduce the number of seats in the FIES program as of 2015, which had the number of new seats offered even more decreased as of 2018.

FINANCIAL PERFORMANCE

Costs of Services Provided

Gross Revenue - Accounting (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Gross Operating Revenue	734,851	621,802	18.2%	1,380,612	1,223,499	12.8%
Undergraduate Monthly Tuition	649,736	563,274	15.3%	1,217,951	1,104,124	10.3%
Graduate Monthly Tuition	5,732	8,717	-34.2%	11,454	17,975	-36.3%
Vocational Courses Monthly Tuition	383	425	-9.8%	778	929	-16.3%
Digital Learning Monthly Tuition	76,049	48,462	56.9%	143,635	95,939	49.7%
Others	2,951	924	219.4%	6,794	4,532	49.9%
Deductions from Gross Revenue	(349,200)	(278,782)	25.3%	(688,237)	(571,953)	20.3%
Discounts and Scholarships	(263,103)	(201,709)	30.4%	(524,684)	(425,483)	23.3%
PROUNI	(71,010)	(60,714)	17.0%	(137,221)	(115,908)	18.4%
FGEDUC And FIES charges	(2,438)	(4,429)	-45.0%	(3,601)	(8,247)	-56.3%
Taxes	(12,649)	(11,930)	6.0%	(22,731)	(22,315)	1.9%
% Discounts and Scholarships/ Net Oper. Rev.	35.8%	32.4%	3.4 p.p.	38.0%	34.8%	3.2 p.p.
Net Operating Revenue	385,651	343,020	12.4%	692,375	651,546	6.3%
Undergraduate Monthly Tuition	328,427	310,474	5.8%	587,058	585,295	0.3%
Graduate Monthly Tuition	3,623	6,102	-40.6%	7,595	11,836	-35.8%
Vocational Courses Revenues	355	379	-6.5%	717	843	-14.9%
Digital Learning Revenues	50,441	25,192	100.2%	90,516	49,285	83.7%
Others	2,806	872	221.6%	6,488	4,287	51.3%

In 2Q21, the Company's gross revenue amounted to R\$734.9 million, with 18.2% increase when compared to the same period last year. This increase is due to the consolidation of recent acquisition revenues, as well as the transfers of prices when comparing 2Q21 vs. 2Q20, and the increased volume of students enrolled in the digital learning segment, partially offset by increased dropout rates during the year.

In 2Q21, net revenue amounted to R\$385.7 million, versus R\$343.0 million in 2Q20, corresponding to 12.4% increase, due to the acquisitions of UNIFACIMED, UNIJUZEIRO, UNESC and UNIFASB, in addition to the growth of digital education student base. Excluding acquisitions, net revenue for the quarter was R\$342.3 million.



Costs of Services Provided

Breakdown of Cost of Services Rendered ¹ Accounting (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Cash Cost of Services Rendered	(129,828)	(97,479)	33.2%	(233,833)	(212,203)	10.2%
Payroll and Charges	(104,866)	(92,838)	13.0%	(193,026)	(189,239)	2.0%
Rent	(6,225)	6,486	N.M.	(6,056)	4,371	N.M.
Concessionaires (Electricity, Water and Telephone)	(5,668)	(5,167)	9.7%	(12,315)	(15,263)	-19.3%
Third-Party Services and Others	(13,069)	(5,960)	119.3%	(22,436)	(12,072)	85.9%

¹ Excluding depreciation and amortization.

Cash cost of services (excluding depreciation and amortization) amounted to R\$129.8 million in 2Q21 versus R\$97.5 million in 2Q20, representing 33.2% increase as compared to 2Q20, for the reasons listed below:

a) Personnel costs and charges in 2Q21 increased 13.0% when compared to 2Q20. Excluding personnel costs from acquisitions, personnel and charges line declined 4.1%, closing 2Q21 at R\$89.0 million, mainly due to the optimization of the allocation of teaching hours in the hybrid (on-campus) undergraduate segment. In this scenario, the Company incurred non-recurring costs of R\$1.1 million in the quarter, which can be better analyzed in the table presented below.

Rental costs reached R\$6.2 million in 2Q21, versus a positive amount of R\$6.5 million in 2Q20, when rental costs were impacted by the renegotiations of remaining rents carried out in 2020 due to the effects of COVID-19. In 2Q21, rental agreements returned to their normal course, as on-site administrative activities and practical classes were resumed. It is worth noting that rental discounts are subject to specific accounting treatment and are not included in IFRS 16 standards, so that the amounts of reductions are recorded in the rental costs line, resulting in a positive balance in the between 2Q20 and 2Q21. In 2Q21 the Company recorded a non-recurring cost of R\$4 million due to a retroactive increase in the rent of one of its units as a result of a court decision.

b) The "Concessionaires" line was up 9.7%, closing 2Q21 at R\$5.7 million, versus R\$5.2 million in 2Q20, due to the resumption of administrative activities and on-campus practical classes, besides the tariff increase during this period. Excluding acquisitions, the cost with concessionaires was R\$5.3 million, representing an increase of 2.9%.

c) Third-party and other services reached R\$13.1 million in 2Q21, versus R\$6.0 million in 2Q20, with 119.3% increase, due to the higher volume of practical classes for the health course student base, including digital learning and acquisitions, in addition to the increased volume of access to digital platforms. Excluding acquisition costs, the increase in third-party services line and others was 95.9%.

The table below shows managerial operating costs, which are adjusted for non-recurring effects.

Breakdown of Cost of Services Rendered ¹ Adjusted (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Cash Cost of Services Rendered	(124,688)	(97,020)	28.5%	(227,064)	(210,824)	7.7%
Payroll and Charges	(103,726)	(92,379)	12.3%	(190,257)	(187,860)	1.3%
Rent	(2,225)	6,486	N.M.	(2,056)	4,371	N.M.
Concessionaires (Electricity, Water and Telephone)	(5,668)	(5,167)	9.7%	(12,315)	(15,263)	-19.3%
Third-Party Services and Others	(13,069)	(5,960)	119.3%	(22,436)	(12,072)	85.9%

¹ Excluding depreciation and amortization.



Gross Profit

Gross Profit - Accounting (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Net Operating Revenue	385,651	343,020	12.4%	692,375	651,546	6.3%
Cost of Services Rendered	(173,078)	(138,306)	25.1%	(316,433)	(293,282)	7.9%
Gross Profit	212,573	204,714	3.8%	375,942	358,264	4.9%
Gross Margin	55.1%	59.7%	-4.6 p.p.	54.3%	55.0%	-0.7 p.p.
(-) Depreciation	43,250	40,827	5.9%	82,600	81,079	1.9%
Cash Gross Profit	255,823	245,541	4.2%	458,542	439,343	4.4%
Cash Gross Margin	66.3%	71.6%	-5.2 p.p.	66.2%	67.4%	-1.2 p.p.

Gross cash profit recorded a 4.2% growth, from R\$245.5 million in 2Q20 to R\$255.8 million in 2Q21. Gross cash margin reached 66.3% in 2Q21, 5.2 p.p. lower than in 2Q20, when it reached 71.6%. The increase in gross profit, although with decrease in margins, reflects the combined effect of the normalization of the Company's activities in this quarter as compared to 2Q20, when a temporary activity reduction plan was implemented as a way to mitigate the impacts of the social isolation measures implemented in that period. As a result, activities were resumed, increasing costs and investments aiming at resuming growth, especially in the Digital Education segment in the quarterly comparison, which was partially offset by the increase in net revenue arising from acquisitions, still in the initial stage of gaining synergies and investments to resume organic growth, with emphasis on the Digital Learning segment. Excluding acquisitions, gross cash profit would have been 4.3% lower and gross cash margin would have reached 67.3%

Depreciation was up 5.9%, increasing from R\$40.8 million in 2Q20 to R\$43.3 million in 2Q21, mainly due to the inclusion of depreciation of property, plant and equipment, right to use and amortization of intangible assets of acquisitions. Depreciation and amortization line, excluding acquisitions reached R\$41.0 million in 2Q21.

The table below shows the gross cash profit adjusted for the main effects of non-recurring costs.

Gross Profit - Adjusted (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Net Operating Revenue	385,651	343,020	12.4%	692,375	651,546	6.3%
Cost of Services Rendered	(167,938)	(137,847)	21.8%	(309,664)	(291,903)	6.1%
Adjusted Gross Profit	217,713	205,173	6.1%	382,711	359,643	6.4%
Adjusted Gross Margin	56.5%	59.8%	-3.4 p.p.	55.3%	55.2%	0.1 p.p.
(-) Depreciation	43,250	40,827	5.9%	82,600	81,079	1.9%
Adjusted Cash Gross Profit	260,963	246,000	6.1%	465,311	440,722	5.6%
Adjusted Cash Gross Margin	67.7%	71.7%	-4.0 p.p.	67.2%	67.6%	-0.4 p.p.



Operating Expenses (Selling, General and Administrative)

Operating Expenses - Accounting (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
General and Administrative Expenses	(138,179)	(116,944)	18.2%	(257,345)	(228,466)	12.6%
Payroll and Charges	(40,731)	(33,346)	22.1%	(80,181)	(73,971)	8.4%
Third-Party Services	(12,995)	(9,152)	42.0%	(27,204)	(24,084)	13.0%
Advertising	(30,723)	(15,973)	92.3%	(65,819)	(41,328)	59.3%
Materials	(1,678)	(750)	123.7%	(3,616)	(3,703)	-2.3%
PDA	(40,314)	(47,475)	-15.1%	(57,620)	(61,216)	-5.9%
Others	(8,463)	(6,702)	26.3%	(16,346)	(16,973)	-3.7%
Depreciation and Amortization	(3,275)	(3,546)	-7.6%	(6,559)	(7,191)	-8.8%
Operating Income	61,275	89,326	-31.4%	101,568	129,548	-21.6%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(134,904)	(113,398)	19.0%	(250,786)	(221,275)	13.3%

General and administrative expenses increased by 18.2%, from R\$116.9 million in 2Q20, to R\$138.2 million in 2Q21, mainly due to:

- a) Personnel expenses and payroll charges recorded 22.1% growth as compared to 2Q20, from R\$33.3 million in 2Q20 to R\$40.7 million in 2Q21, as a result of (i) normalization of personnel expenses, due to the reduction of activities in 2Q20 as a way to mitigate the impacts of the pandemic, (ii) increase in staff due to recent acquisitions, (iii) attraction of new executives to work especially in the Digital Learning segment and (iv) collective labor agreement. The increase in personnel expenses was 16.1%, excluding acquisitions. Excluding personnel expenses of acquired institutions and the non-recurring effect of R\$2.0 million related to indemnity fines, resulting from the adjustment of the administrative structure to accommodate the Company's current student base, the increase would have been 10.1%, 2Q21 vs. 2Q20.
- b) In 2Q21, expenses with services provided reached R\$13.0 million (R\$12.4 million, excluding acquired companies' expenses), representing 42.0% increase as compared to 2Q20, at R\$9.2 million, due to the normalization of activities when compared to 2Q20, quarter highly impacted due to the period of social isolation implemented during the pandemic, in addition to non-recurring expenses amounting to approximately R\$1.8 million.
- c) Advertising expenses increased 92.3% compared to 2Q20, from R\$16.0 million in 2Q20 to R\$30.7 million in 2Q21, corresponding to 8.0% of net revenue (growth of 88.0%, excluding acquisitions), due to the beginning of the normalization of intake activities versus 2Q20, a period in which there was a substantial reduction in on-campus activities and as a result of accelerated marketing initiatives, especially due to the acceleration of organic growth initiatives in the segment of Digital Learning.
- d) The PDA and Effective Losses line decreased from R\$47.5 million in 2Q20 to R\$40.3 million in 2Q21, representing a 15.1% decrease when compared to 2Q20, due to the improvement in the tuition receipt rate and the lower need for more provisioning.

The table below presents managerial view of general and administrative expenses, adjusted for non-recurring effects.



Operating Expenses - Adjusted (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
General and Administrative Expenses	(134,337)	(113,686)	18.2%	(249,351)	(213,263)	16.9%
Payroll and Charges	(38,728)	(32,460)	19.3%	(75,918)	(71,323)	6.4%
Third-Party Services	(11,241)	(8,009)	40.4%	(23,557)	(18,892)	24.7%
Advertising	(30,723)	(15,973)	92.3%	(65,819)	(41,328)	59.3%
Materials	(1,678)	(750)	123.7%	(3,616)	(3,703)	-2.3%
PDA	(40,314)	(47,475)	-15.1%	(57,620)	(61,216)	-5.9%
Others	(8,378)	(5,473)	53.1%	(16,261)	(9,610)	69.2%
Depreciation and Amortization	(3,275)	(3,546)	-7.6%	(6,559)	(7,191)	-8.8%
Adjusted Operating Income	78,072	92,972	-16.0%	124,917	146,235	-14.6%
General and Administrative Expenses (Ex-Depreciation and Amortization)	(131,062)	(110,140)	19.0%	(242,792)	(206,072)	17.8%

Other operating revenues (expenses), net

In 2Q21, the line of other operating revenues (expenses), net, represented an expense of R\$13.0 million versus a revenue of R\$1.6 million in 2Q20, due to R\$7.9 million in write-offs of property, plant and equipment in the amount and of right to use of properties returned, whose operations were discontinued, and termination of atypical lease agreement (built to suit), and R\$5.1 million of provision for contingencies and payment of legal costs.

EBITDA and Adjusted EBITDA

EBITDA (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Net Income¹	25,698	54,716	-53.0%	55,766	71,482	-22.0%
(+) Net financial expense ²	38,187	28,754	32.8%	53,461	50,541	5.8%
(+) Income and social contribution taxes	(2,610)	5,856	-144.6%	(7,659)	7,525	N.M.
(+) Depreciation and amortization	46,525	44,373	4.8%	89,159	88,270	1.0%
EBITDA¹	107,800	133,699	-19.4%	190,727	217,818	-12.4%
EBITDA Margin	28.0%	39.0%	-11.0 p.p.	27.5%	33.4%	-5.9 p.p.
(+) Revenue from Interest on Agreements and Others ²	2,146	1,934	11.0%	9,658	9,937	-2.8%
(+) Non-recurring costs and expenses ³	16,797	3,646	360.7%	23,349	16,687	39.9%
(-) Minimum rent paid ⁴	(29,546)	(30,627)	-3.5%	(58,674)	(58,164)	0.9%
Adjusted EBITDA⁵	97,197	108,652	-10.5%	165,060	186,278	-11.4%
Adjusted EBITDA Margin	25.2%	31.7%	-6.5 p.p.	23.8%	28.6%	-4.8 p.p.

1. EBITDA is not an accounting measure.

2. Revenue from interest on agreements and others comprises our net financial result arising from revenue from interest and fines on tuitions corresponding to financial charges on renegotiated and overdue tuition fees.

3. Non-recurring costs and expenses are mainly related to expenses related to mergers and acquisitions, severance expenses arising from the workforce optimization process and the Ser Digital project, which would not affect normal cash flow.

4. Minimum rent refers to rental agreements recorded under financial leasing in accordance with IFRS 16. The expenses from such leasing are not recorded under EBITDA, but are part of adjusted EBITDA.

5. Adjusted EBITDA corresponds to EBITDA plus (a) financial revenue from fines and interest on tuition, (b) non-recurring costs and expenses, and (c) minimum rent paid.

Cash generation measured by Adjusted EBITDA for 2Q21 period amounted to R\$97.2 million, 10.5% lower as compared to 2Q20, when it reached R\$108.7 million. Adjusted EBITDA margin closed second quarter of 2021 at 25.2%, versus 31.7% in 2Q20, down 6.5 p.p.

This reduction reflects the combined effect of the normalization of the Company's activities in this quarter as compared to 2Q20, when a temporary activity reduction plan was implemented to mitigate the impacts of the social isolation measures implemented in that period. As a result, activities were resumed, increasing costs and expenses, which was



partially offset by the increase in net revenue arising from acquisitions, still in the initial stage of gaining synergies and investments to resume organic growth, with emphasis on the Digital Learning segment.

The statement of non-recurring items is as follows:

SUMMARY OF NON-RECURRING ITEMS (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Non-Recurring Costs and Expenses Impacting Adjusted EBITDA	16,797	3,646	360.7%	23,349	16,687	39.9%
Rent	4,000	-	N.M.	4,000	-	N.M.
Payroll	3,143	1,345	133.7%	7,032	4,027	74.6%
Cost	1,140	459	148.5%	2,769	1,379	100.8%
Expense	2,003	886	126.1%	4,263	2,648	61.0%
Third-Party Services	1,754	1,143	53.5%	3,647	5,192	-29.8%
Other Expenses / Other Net Operating Expenses	7,901	1,159	581.8%	8,671	7,469	16.1%
Non-Recurring Costs and Expenses that do not Impact Adjusted EBITDA	(739)	(101)	631.9%	(1,233)	(585)	111.0%
Complementary Income tax and social contribution on Adjusted Net Income*	(739)	(101)	631.9%	(1,233)	(585)	111.0%
Total Non Recurring Costs and Expenses	16,058	3,545	353.0%	22,116	16,103	37.3%

* The same Income Tax (IR) calculation base was used on non-recurring results to better reflect adjusted net income.

Adjusted EBITDA by segment

Result excluding new units and Distance Learning (R\$ ('000))	2Q21				6M21			
	Hybrid teaching (On Campus)	Digital Learning*	Acquisitions**	Consolidated	Hybrid teaching (On Campus)	Digital Learning*	Acquisitions**	Consolidated
Net Revenue	291,666	50,842	43,144	385,651	533,274	91,131	67,970	692,375
Adjusted Cash Gross Profit	199,270	35,146	26,547	260,963	360,619	65,756	38,936	465,311
Adjusted Cash Gross Margin	68.3%	69.1%	61.5%	67.7%	67.6%	72.2%	57.3%	67.2%
Adjusted EBITDA	67,498	14,499	15,200	97,197	118,876	24,170	22,014	165,060
Adjusted EBITDA Margin	23.1%	28.5%	35.2%	25.2%	22.3%	26.5%	32.4%	23.8%

* Results allocations are unaudited.

** Including only results of the (hybrid) on-campus undergraduate segment.

The table above segregates the results of on-campus units from digital learning activities, which are experiencing an expansion phase in the number of digital learning centers for which the brands were launched in this segment and the acquisitions of UNIFACIMED, UNIJUAZEIRO, UNESC and UNIFASB.

Financial Result

Financial Result - Accounting (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
(+) Financial Revenue	5,238	5,399	-3.0%	15,894	15,664	1.5%
Interest on Agreements and Others	2,146	1,934	11.0%	9,658	9,937	-2.8%
Returns on Financial Investments	3,568	3,204	11.4%	6,557	5,601	17.1%
Others	(476)	261	N.M.	(321)	126	N.M.
(-) Financial Expenses	(43,425)	(34,153)	27.1%	(69,355)	(66,205)	4.8%
Interest Expenses	(8,284)	(5,829)	42.1%	(15,107)	(9,006)	67.7%
Interest on Leasing	(16,879)	(17,879)	-5.6%	(33,782)	(35,761)	-5.5%
Discounts Granted	(14,159)	(7,414)	91.0%	(15,576)	(16,444)	-5.3%
Monetary Variation Expenses	(1,196)	-	0.0%	(1,196)	(1,578)	-24.2%
Others	(2,907)	(3,031)	-4.1%	(3,694)	(3,416)	8.1%
Financial Result	(38,187)	(28,754)	32.8%	(53,461)	(50,541)	5.8%



Financial revenues recorded a 3.0% decrease when compared to 2Q20, from R\$5.4 million in 2Q20 to R\$5.2 million in 2Q21, due to the following factors:

- a) Interest on Agreements and Others stood at R\$2.1 million in 2Q21, representing 11.0% increase as compared to 2Q20, when it reached R\$1.9 million, due to the increased student base and net revenues.
- b) Income from short-term investments increased from R\$3.2 million in 2Q20 to R\$3.6 million in 2Q21, representing 11.4% increase, because of the hike in CDI between the periods, despite the decrease in the average cash balance.

Financial expenses amounted to R\$43.4 million in 2Q21, 27.1% higher than 2Q20, at R\$34.2 million. When comparing the two periods, this change was mainly due to:

- a) Interest Expenses increased 42.1%, from R\$5.8 million in 2Q20 to R\$8.3 million in 2Q21, due to the increase in the average interest rate (CDI) on the financial debt, which was increased by the raising of working capital loans totaling R\$500.0 million from the banks Itaú-Unibanco, Santander Brasil and Caixa Econômica Federal throughout of 2Q20.
- b) Interest on Leases decreased from R\$17.9 million in 2Q20 to R\$16.9 million in 2Q21, representing a 5.5% reduction when comparing 2Q21 vs. 2Q20, due to the return of properties during the year, partially offset by the inclusion of UNIFACIMED, UNIJUAZEIRO and UNESC in the Company's consolidated results.
- c) Discounts Granted increased 91.0%, reaching R\$14.2 million in 2Q21, versus R\$7.4 million in 2Q20, due to the higher volume of discounts in agreements for recovery of credits from old tuition fees and the increase in the volume of recent agreements for payment in installments, due to the impacts of COVID-19 in the results, which are recorded as sales deductions.
- d) Inflation adjustment on liabilities reached R\$1.1 million in the quarter due to the beginning of accounting for IPCA or CDI variation on commitments payable from acquisitions.

As a result of the factors explained above, the net financial result was an expense of R\$38.2 million in 2Q21, versus an expense of R\$28.8 million in 2Q20, representing an increase of 32.8%.

The table below presents the financial result on a managerial view, adjusting for non-recurring effects of other financial revenues:

Financial Result - Adjusted (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
(+) Financial Revenue	5,238	5,399	-3.0%	15,894	15,664	1.5%
Interest on Agreements and Others	2,146	1,934	11.0%	9,658	9,937	-2.8%
Returns on Financial Investments	3,568	3,204	11.4%	6,557	5,601	17.1%
Others	(476)	261	N.M.	(321)	126	N.M.
(-) Financial Expenses	(43,425)	(34,153)	27.1%	(69,355)	(66,205)	4.8%
Interest Expenses	(8,284)	(5,829)	42.1%	(15,107)	(9,006)	67.7%
Interest on Leasing	(16,879)	(17,879)	-5.6%	(33,782)	(35,761)	-5.5%
Discounts Granted	(14,159)	(7,414)	91.0%	(15,576)	(16,444)	-5.3%
Monetary Variation Expenses	(1,196)	-	0.0%	(1,196)	(1,578)	-24.2%
Others	(2,907)	(3,031)	-4.1%	(3,694)	(3,416)	8.1%
Financial Result	(38,187)	(28,754)	32.8%	(53,461)	(50,541)	5.8%



Net Income

Net Income - Accounting (R\$ 000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Operating Income	61,275	89,326	-31.4%	101,568	129,548	-21.6%
(+) Financial Result	(38,187)	(28,754)	32.8%	(53,461)	(50,541)	5.8%
(+) Income and Soc. Contrib. Taxes	(1,016)	(3,557)	-71.4%	(2,541)	(4,909)	-48.2%
(+) Deferred Income and Soc. Contrib. Taxes	3,626	(2,299)	N.M.	10,200	(2,616)	N.M.
Net Income	25,698	54,716	-53.0%	55,766	71,482	-22.0%
Net Margin	6.7%	16.0%	-9.3 p.p.	8.1%	11.0%	-2.9 p.p.

As a result of the effects discussed, operating profit was R\$61.3 million in 2Q21, 31.4% lower than 2Q20, at R\$89.3 million. Income tax and social contribution expenses amounted to R\$1.0 million in 2Q21, versus R\$3.6 million in 2Q20, due to the reduction in operating and taxable profits. These deferred taxes, on the other hand, generated revenue of R\$3.6 million in 2Q21 against an expense of R\$2.3 million due to the increase in the effective rate based on temporary differences, which also increased mainly in the allowance for doubtful accounts and in tax losses.

The table below presents managerial net income, adjusted for non-recurring effects. The company recorded adjusted net income of R\$41.8 million in 2Q21, versus adjusted net income of R\$58.3 million in 2Q20.

Net Income - Adjusted (R\$ 000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Adjusted Operating Income	78,072	92,972	-16.0%	124,917	146,235	-14.6%
(+) Financial Result	(38,187)	(28,754)	32.8%	(53,461)	(50,541)	5.8%
(+) Income and Soc. Contrib. Taxes	(1,755)	(3,658)	-52.0%	(3,774)	(5,494)	-31.3%
(+) Deferred Income and Soc. Contrib. Taxes	3,626	(2,299)	-257.7%	10,200	(2,616)	N.M.
Adjusted Net Income	41,756	58,261	-28.3%	77,882	87,585	-11.1%
Adjusted Net Margin	10.8%	17.0%	-6.2 p.p.	11.2%	13.4%	-2.2 p.p.

Reconciliation of adjusted net income excluding IFRS-16 effects

Net Income Adjusted (Ex-IFRS 16) (R\$ ('000))	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Adjusted Net Income (Loss)	41,756	58,261	-28.3%	77,882	87,585	-11.1%
Adjusted Net Margin	10.8%	17.0%	-6.2 p.p.	11.2%	13.4%	-2.2 p.p.
Rent (IFRS 16)	(21,989)	(22,860)	-3.8%	(43,559)	(42,510)	2.5%
Depreciation and Amortization (IFRS 16)	18,101	17,906	1.1%	36,085	35,082	2.9%
Interest on Leasing (IFRS 16)	11,115	11,732	-5.3%	22,201	23,418	-5.2%
Income and Social Contribution Taxes (IFRS 16)	(577)	(188)	207.1%	(1,034)	(560)	84.7%
Adjusted Net Income (Loss) - (Ex-IFRS 16)	48,406	64,852	-25.4%	91,574	103,015	-11.1%
Adjusted Net Margin (Ex-IFRS 16)	12.6%	18.9%	-6.4 p.p.	13.2%	15.8%	-2.6 p.p.

The table above shows the impact of IFRS 16 on the Company's adjusted net income for the purposes of demonstration and comparability with previous years.

Adjusted net income excluding IFRS 16 impacts amounted to R\$48.4 million in the quarter, representing a 25.4% reduction compared to 2Q20.



Accounts Receivable and Net Receivable Days

Until September 30, 2020, the Company used to write-off accounts receivables overdue for more than 365 days. After analyzing the recoverability of the portfolio of accounts receivable between 365 days and 720 days, considering expressive volume of recovery found during this interval that has been recurring over the last 3 years, the Company decided to keep its receivables overdue until 720 days in its accounts, thus aligning the policy of write-off of accounts receivable to the methodology applied to the calculation of its bad debt, which considers the history of recoverability of the securities within 720 days of their maturity. The result of this change occurred only in the active balances of accounts receivable, as shown below, with no impact on the result for the period.

For comparability purposes, the table below presents the quarterly data of accounts receivable with pro forma data considering the change in receivable term:

Accounts Receivable and Average Receivable Days (R\$ '000)	2Q20 Proforma	4Q20	1Q21	2Q21
Gross Accounts Receivable	676,331	689,265	689,154	739,693
Monthly tuition fees	338,920	352,708	366,420	402,075
FIES	138,618	115,762	79,231	94,133
Negotiated agreements receivable	88,246	98,532	106,940	103,365
Education credits receivable	90,461	102,730	108,531	118,121
Credit Card and Others	20,086	19,533	28,032	21,999
PDA balance	(241,274)	(259,272)	(259,030)	(266,122)
Net Accounts Receivable	435,057	429,993	430,124	473,571
Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)	1,290,763	1,250,463	1,248,661	1,291,292
Net Receivable Days (FIES+Ex-FIES+Pronatec)	121	124	124	132
Net Revenue FIES (Last 12 Months)	297,419	252,660	234,454	209,623
Net Receivable Days (FIES)	143	124	75	104
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	108	117	125	130

Average net receivable days increased from 121 to 132 days due to the following factors:

- The increase in NRD for monthly tuition fees, agreements receivable and educational credits, from 108 to 130 days, is mainly due to the higher volume of agreements made with students who facing financial hardships during the pandemic period and had their payment terms extended through this past due tuition negotiation method and the increase in the volume of receivables from Educred due to the maturation of the student base in this modality, partially offset by the reduction of students enrolled in the program.
- FIES NRD dropped from 143 to 104 days due to the improvement in FNDE payment timeliness, especially in 1Q21, however, no significant payments were made during the second quarter of 2021.
- The table below shows, for management and comparability purposes, the net receivable days considering the net revenue of educational institutions acquired in the last 12 months, which means that by recognizing the revenues of the last 12 months of UNINORTE in 2Q20 and comparing with the same effect arising from the acquisitions of UNIJUZEIRO, UNIFACIMED, UNESC and UNIFASB, FIES NRD + Ex FIES and Monthly tuition fees, Negotiated agreements receivable and Education credits receivable NRD decreased by 15 and 17 days, respectively, in 2Q21, and by 7 and 9 days, respectively, in 2Q20.



Accounts Receivable and Average Receivable Days (R\$ '000)	Proforma with acquisitions	
	2Q20	2Q21
Net Accounts Receivable	435,057	473,571
Net Revenue with acquisitions (Last 12 Months - FIES+Ex-FIES+Pronatec)	1,377,210	1,459,873
Net Receivable Days (FIES+Ex-FIES+Pronatec)	114	117
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	99	113

Aging of Monthly tuition fees (R\$ '000)	2Q20 Proforma	% Chg.	4Q20	% Chg.	2Q21	% Chg.
Overdue by up to 30 day	54,543	16.1%	43,090	12.2%	46,708	11.6%
Overdue from 31 to 60 days	38,114	11.2%	34,349	9.7%	37,307	9.3%
Overdue from 61 to 90 days	36,437	10.8%	28,710	8.1%	38,256	9.5%
Overdue from 91 to 180 days	46,592	13.7%	49,038	13.9%	59,644	14.8%
Overdue from 181 to 360 days	64,206	18.9%	92,179	26.1%	90,265	22.4%
Overdue from 361 to 540 days	55,948	16.5%	53,996	15.3%	80,003	19.9%
Overdue from 541 to 720 days	43,080	12.7%	51,346	14.6%	49,892	12.4%
TOTAL	338,920	100.0%	352,708	100.0%	402,075	100.0%
% of Gross Accounts Receivable	50.1%		51.2%		54.4%	

Aging of Negotiated Agreements (R\$ '000)	2Q20 Proforma	% Chg.	4Q20	% Chg.	2Q21	% Chg.
Not yet due	18,041	20.4%	24,614	25.0%	24,499	23.7%
Overdue by up to 30 day	6,641	7.5%	8,110	8.2%	8,942	8.7%
Overdue from 31 to 60 days	6,655	7.5%	8,066	8.2%	8,395	8.1%
Overdue from 61 to 90 days	6,019	6.8%	7,284	7.4%	7,017	6.8%
Overdue from 91 to 180 days	11,212	12.7%	10,614	10.8%	12,560	12.2%
Overdue from 181 to 360 days	15,066	17.1%	15,506	15.7%	17,270	16.7%
Overdue from 361 to 540 days	13,056	14.8%	12,612	12.8%	13,071	12.6%
Overdue from 541 to 720 days	11,556	13.1%	11,726	11.9%	11,611	11.2%
TOTAL	88,246	100.0%	98,532	100.0%	103,365	100.0%
% of Gross Accounts Receivable	13.0%		14.3%		14.0%	

The table below shows the evolution of our ADA from December 31, 2020 to June 30, 2021:

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2020	Provision for Doubtful Accounts from business combination	Gross Increase in Provision for Doubtful Accounts	Write-off	06/30/2021
Total	259,272	8,148	57,620	(58,918)	266,122



Investment (CAPEX)

CAPEX (R\$ ('000))	6M21	% of Total	6M20	% of Total
CAPEX Total	28,566	100.0%	24,606	100.0%
Property acquisition / Construction / Maintenance of campuses	9,958	34.9%	4,842	19.7%
Equipment / Library / IT	8,549	29.9%	9,419	38.3%
Licenses and Partnerships	7,841	27.4%	3,850	15.6%
Intangibles and Others	2,218	7.8%	6,495	26.4%
Acquisitions Debt Payment	200,000		89,049	
Total CAPEX + Acquisitions Payables	228,566		113,655	

In 6M21, the Company invested R\$28.6 million, and investments in refurbishments of campuses, equipment, laboratories and libraries amounted to R\$10.0 million, mainly explained by the resumption of activities when compared to 6M20. Investments in licenses and agreements amounted to R\$7.8 million. On the other hand, investments in intangibles and other investments amounted to R\$2.2 million, mainly due to the development of the digital content of the subjects offered in the Company's courses. Acquisitions Debt payments refer to the amounts of the cash parcel of the acquisition of UNESC and UNIFASB.

Indebtedness

Indebtedness (R\$ '000)	06/30/2021	12/31/2020	% Chg. Jun21 x Dec20
Total Cash	545,795	753,520	-27.6%
Judicial deposits	(49,047)	(53,780)	-8.8%
FG-FIES Guarantee Fund	(24,215)	(18,631)	30.0%
Cash, Cash equivalents and Securities	472,533	681,109	-30.6%
Cash and cash equivalents	457,511	679,933	-32.7%
Securities	15,022	1,176	1177.4%
Gross debt	(777,445)	(653,058)	19.0%
Loans and financing	(562,626)	(591,058)	-4.8%
Short term	(236,207)	(163,790)	44.2%
Long term	(326,419)	(427,268)	-23.6%
Acquisitions Payables*	(214,819)	(62,000)	246.5%
Net Cash (Debt)	(304,912)	28,051	N.M.
Net Cash (Debt) / Adjusted EBITDA (LTM)	(1.03)	0.09	

* Acquisitions payables refer to acquisition scheduled payments

The Company's cash and cash equivalents amounted to R\$472.5 million, a 30.6% decline as compared to December 2020. This change is due to the lower volume of revenues and receipts due to the enrollment and re-enrollment process, where part of the receipt linked to FIES students are only received in 2Q21, and the payment for UNESC and UNIFASB acquisition, which had their transaction closing in February 2021 and April 2021, respectively.

The Company's gross debt mainly reflects commitments related to acquisitions and the issue of long-term debts as follows:



- (i) Financing with IFC for the term of 7 years, in the amount of R\$120.0 million at CDI+2.05% p.a. up to 2018 and CDI+1.65% as of 2019, to be paid semi-annually as of April 15, 2017, and maturing on April 15, 2022, which balance on June 30, 2021, was R\$21.9 million;
- (ii) Contracting of working capital, as mentioned above, consisting of R\$200.0 million Brazilian reais with Caixa Econômica Federal, at CDI + 0.19% per month, for a period of 36 months, with a 14-month grace period for the principal and payment in 8 quarterly installments, after the grace period, R\$200 million with Itaú Unibanco, at CDI + 2.75% p.a. and R\$100.0 million with Santander Brasil, at CDI + 2.90% p.a. Funds raised with Itaú Unibanco and Santander Brasil had rates and payment terms changed after a debt extension transaction, according to the Notice to the Market disclosed by the Company on December 29, 2020; and
- (iii) the Company's 2nd issue of simple, unsecured debentures not convertible into shares, in 2 series, 100,000 of which are First Series Debentures and 100,000 are Second Series Debentures, with a unit par value of R\$1,000.00 as of the date of issue, totaling R\$200,000,000.00. The First Series Debentures earned interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 0.65% per year, based on 252 Business Days, paid on September 15, 2019. The Second Series Debentures will earn interest of 100% of the average daily rate of interbank deposits, plus a spread of 1.35% per year, based on 252 business days, with maturity date on September 15, 2021, with a balance of R\$25.2 million on June 30, 2021.
- (iv) Increase in commitments payable due to acquisitions: (1) of UNESC, which had installment payments of the acquisition amounts financed by the selling shareholders, resulting in a balance payable of R\$75.1 million, including the payment conditioned to the approval of the medical seats in Vilhena; (2) of UNIFASB, which resulted in a balance payable of R\$80.0 million to be deposited in an escrow account and released to the sellers, after the deduction of indemnifiable liabilities by the sellers, in 5 successive annual installments, in the amount of R\$16.0 million each, with the first installment due on January 31, 2022, and the others on the same date of the subsequent 4 years.

As of June 30, 2021, Ser Educacional group indebtedness amounted to R\$777.4 million, a 19.0% growth when compared to the R\$653.1 million recorded on December 31, 2020, mainly because of UNESC and UNIFASB acquisitions, as mentioned above.

In 2Q21, the Company had a net debt of R\$304.9 million versus a net cash of R\$28.1 million in 2Q20.

Debt Amortization Schedule (R\$ '000)	Loans and Financing	A.V. (%)	Aquisitions Payables	A.V. (%)	Debentures	A.V. (%)	Total	A.V. (%)
Short Term	210,986	39.3%	44,596	20.8%	25,221	100.0%	280,803	36.1%
Total Long Term	326,419	60.7%	170,223	79.2%	-	0.0%	496,642	63.9%
1-2 years	180,378	33.6%	40,407	18.8%	-	0.0%	220,785	28.4%
2-3 years	80,616	15.0%	71,464	33.3%	-	0.0%	152,080	19.6%
3-4 years	65,425	12.2%	41,041	19.1%	-	0.0%	106,466	13.7%
4-5 years	-	0.0%	17,311	8.1%	-	0.0%	17,311	2.2%
Total Loans, Financing and Acquisitions payables	537,405	100.0%	214,819	100.0%	25,221	100.0%	777,445	100.0%

Regarding the debt payment schedule, 36.1% corresponds to short-term debt, showing that the Company has adequate debt amortization terms, as well as a comfortable level of financial leverage.



Cash flow

Cash Flow (R\$ '000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Cash flow from operating activities						
Net cash from operating activities	61,281	79,391	-22.8%	99,771	72,432	37.7%
(-) Cash flow allocated to investing activities	(142,857)	(30,965)	361.3%	(222,607)	(113,655)	95.9%
(+)/ (-) Securities	22,049	10,733	105.4%	(13,718)	90,940	N.M.
(+)/ (-) Cash flow allocated to financing activities	(34,953)	469,444	N.M.	(85,868)	434,647	N.M.
(-) Interest on loans	(20,168)	(20,328)	-0.8%	(39,897)	(57,713)	-30.9%
(-) Income and social contribution taxes paid	(1,264)	(1,298)	-2.6%	(33,947)	(3,468)	878.9%
Decrease in cash and cash equivalents	(94,480)	528,603	N.M.	(222,422)	484,364	N.M.
Net increase in cash and cash equivalents						
Beginning of period	551,991	170,934	222.9%	679,933	215,173	216.0%
End of period	457,511	699,537	-34.6%	457,511	699,537	-34.6%
Decrease in cash and cash equivalents	(94,480)	528,603	N.M.	(222,422)	484,364	N.M.
Cash and Securities changes	(116,453)	517,871	N.M.	(208,576)	393,698	N.M.
Beginning of period	588,986	182,290	223.1%	681,109	306,463	122.2%
End of period	472,533	700,161	-32.5%	472,533	700,161	-32.5%

The generation of net operating cash reduced from R\$79.4 million in 2Q20 to R\$61.3 million in 2Q21. This reduction was due to some factors: (i) resumption of the Company's operating activities, (ii) higher volume of non-recurring items (iii) seasonal shift in operating cash flow from 1Q20 to 2Q20 due to the impacts of the pandemic and (iv) low volume of payments from FIES students in the period by the federal government. It is worth noting that cumulative result in the half year, which allows a more appropriate analysis of the operating cash generation, shows a 37.7% increase from R\$72.4 million to R\$99.8 million, indicating the beginning of normalization of the operating cash generation and improvement in the EBITDA-to-cash conversion ratios.

ABOUT SER EDUCACIONAL GROUP

Founded in 2003 and headquartered in Recife, Grupo Ser Educacional (B3 SEER3) is one of the largest private education groups in Brazil and the leader in the Northeast and North regions in terms of number of students enrolled. It offers undergraduate, graduate, vocational and digital learning courses in 26 states and the Federal District, with a consolidated base of approximately 223,800 students. The Company operates under the following brands: UNINASSAU, UNINASSAU – Centro Universitário Maurício de Nassau, UNINABUCO - Centro Universitário Joaquim Nabuco, Faculdades UNINABUCO, Escolas Técnicas Joaquim Nabuco and Maurício de Nassau, UNIVERITAS/UNG, UNAMA – Universidade da Amazônia and Faculdade da Amazônia e UNIVERITAS – Centro Universitário Universitas Veritas, Faculdades UNIVERITAS, UNINORTE – Centro Universitário do Norte, Centro Universitário de Ciências Biomédicas de Cacoal – UNIFACIMED, UNIJUZEIRO - Centro Universitário de Juazeiro do Norte, Sociedade Educacional de Rondônia – UNESC and Centro Universitário São Francisco de Barreiras – UNIFASB.

This release may contain forward-looking statements related to business prospects, estimates of operating and financial results and the growth prospects of Grupo Ser Educacional. These are merely projections, and as such, are solely based on the expectations of Management of Grupo Ser Educacional. Such forward-looking statements are substantially dependent on external factors, in addition to the risks presented in the disclosure documents filed by Grupo Ser Educacional and are therefore subject to change without prior notice.



ANNEXES - Income Statement

Income Statement - Accounting R\$ ('000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Gross Operating Revenue	734,851	621,802	18.2%	1,380,612	1,223,499	12.8%
Undergraduate Monthly Tuition	649,736	563,274	15.3%	1,217,951	1,104,124	10.3%
Graduate Monthly Tuition	5,732	8,717	-34.2%	11,454	17,975	-36.3%
Vocational Courses Monthly Tuition	383	425	-9.8%	778	929	-16.3%
Digital Learning Monthly Tuition	76,049	48,462	56.9%	143,635	95,939	49.7%
Others	2,951	924	219.4%	6,794	4,532	49.9%
Deductions from Gross Revenue	(349,200)	(278,782)	25.3%	(688,237)	(571,953)	20.3%
Discounts and Scholarships	(263,103)	(201,709)	30.4%	(524,684)	(425,483)	23.3%
PROUNI	(71,010)	(60,714)	17.0%	(137,221)	(115,908)	18.4%
FGEDUC And FIES charges	(2,438)	(4,429)	-45.0%	(3,601)	(8,247)	-56.3%
Taxes	(12,649)	(11,930)	6.0%	(22,731)	(22,315)	1.9%
Net Operating Revenue	385,651	343,020	12.4%	692,375	651,546	6.3%
Cash Cost of Services Rendered	(173,078)	(138,306)	25.1%	(316,433)	(293,282)	7.9%
Payroll and Charges	(104,866)	(92,838)	13.0%	(193,026)	(189,239)	2.0%
Rent	(6,225)	6,486	N.M.	(6,056)	4,371	N.M.
Concessionaires (Electricity, Water and Telephone)	(5,668)	(5,167)	9.7%	(12,315)	(15,263)	-19.3%
Third-Party Services	(13,069)	(5,960)	119.3%	(22,436)	(12,072)	85.9%
Depreciation and Amortization	(43,250)	(40,827)	5.9%	(82,600)	(81,079)	1.9%
Managerial Gross Profit	212,573	204,714	3.8%	375,942	358,264	4.9%
<i>Gross Margin</i>	<i>55.1%</i>	<i>59.7%</i>	<i>-4.6 p.p.</i>	<i>54.3%</i>	<i>55.0%</i>	<i>-0.7 p.p.</i>
Operating Expenses/Revenue	(151,298)	(115,388)	31.1%	(274,374)	(228,716)	20.0%
General and Administrative Expenses	(138,179)	(116,944)	18.2%	(257,345)	(228,466)	12.6%
Payroll and Charges	(40,731)	(33,346)	22.1%	(80,181)	(73,971)	8.4%
Third-Party Services	(12,995)	(9,152)	42.0%	(27,204)	(24,084)	13.0%
Advertising	(30,723)	(15,973)	92.3%	(65,819)	(41,328)	59.3%
Materials	(1,678)	(750)	123.7%	(3,616)	(3,703)	-2.3%
PDA	(40,314)	(47,475)	-15.1%	(57,620)	(61,216)	-5.9%
Others	(8,463)	(6,702)	26.3%	(16,346)	(16,973)	-3.7%
Depreciation and Amortization	(3,275)	(3,546)	-7.6%	(6,559)	(7,191)	-8.8%
Other Operating Expenses/Revenue	(13,013)	1,556	-936.3%	(16,923)	(250)	6,669.2%
Profit sharing of subsidiaries	(106)	-	-100.0%	(106)	-	-0,100.0%
Managerial Operating Income	61,275	89,326	-31.4%	101,568	129,548	-21.6%
<i>Operating Margin</i>	<i>15.9%</i>	<i>26.0%</i>	<i>-10.2 p.p.</i>	<i>14.7%</i>	<i>19.9%</i>	<i>-5.2 p.p.</i>
(+) Adjusted Depreciation and Amortization	46,525	44,373	4.8%	89,159	88,270	1.0%
EBITDA	107,800	133,699	-19.4%	190,727	217,818	-12.4%
<i>EBITDA Margin</i>	<i>28.0%</i>	<i>39.0%</i>	<i>-11.0 p.p.</i>	<i>27.5%</i>	<i>33.4%</i>	<i>-5.9 p.p.</i>
(+) Non-recurring costs and expenses	16,797	3,646	360.7%	23,349	16,687	39.9%
(+) Interest on tuition and agreements	2,146	1,934	11.0%	9,658	9,937	-2.8%
(-) Minimum rent paid	(29,546)	(30,627)	-3.5%	(58,674)	(58,164)	0.9%
Adjusted EBITDA	97,197	108,652	-10.5%	165,060	186,278	-11.4%
<i>Adjusted EBITDA Margin</i>	<i>25.2%</i>	<i>31.7%</i>	<i>-6.5 p.p.</i>	<i>23.8%</i>	<i>28.6%</i>	<i>-4.8 p.p.</i>
(-) Adjusted Depreciation and Amortization	(46,525)	(44,373)	4.8%	(89,159)	(88,270)	1.0%
Adjusted EBIT	50,672	64,279	-21.2%	75,901	98,008	-22.6%
<i>Adjusted EBIT Margin</i>	<i>13.1%</i>	<i>18.7%</i>	<i>-5.6 p.p.</i>	<i>11.0%</i>	<i>15.0%</i>	<i>-4.1 p.p.</i>
Financial Result	(38,187)	(28,754)	32.8%	(53,461)	(50,541)	5.8%
(+) Financial Revenue	5,238	5,399	-3.0%	15,894	15,664	1.5%
Interest on Agreements and Others	2,146	1,934	11.0%	9,658	9,937	-2.8%
Returns on Financial Investments	3,568	3,204	11.4%	6,557	5,601	17.1%
Others	(476)	261	N.M.	(321)	126	N.M.
(-) Financial Expenses	(43,425)	(34,153)	27.1%	(69,355)	(66,205)	4.8%
Interest Expenses	(8,284)	(5,829)	42.1%	(15,107)	(9,006)	67.7%
Interest on Leasing	(16,879)	(17,879)	-5.6%	(33,782)	(35,761)	-5.5%
Discounts Granted	(14,159)	(7,414)	91.0%	(15,576)	(16,444)	-5.3%
Monetary Variation Expenses	(1,196)	-	-100.0%	(1,196)	(1,578)	-24.2%
Others	(2,907)	(3,031)	-4.1%	(3,694)	(3,416)	8.1%
Income Before Income Taxes	23,088	60,572	-61.9%	48,107	79,007	-39.1%
Income and Social Contribution Taxes	2,610	(5,856)	N.M.	7,659	(7,525)	-201.8%
Current	(1,016)	(3,557)	-71.4%	(2,541)	(4,909)	-48.2%
Deferred	3,626	(2,299)	N.M.	10,200	(2,616)	N.M.
Consolidated Net Income	25,698	54,716	-53.0%	55,766	71,482	-22.0%
<i>Net Margin</i>	<i>6.7%</i>	<i>16.0%</i>	<i>-9.3 p.p.</i>	<i>8.1%</i>	<i>11.0%</i>	<i>-2.9 p.p.</i>



Income Statement - Managerial

Income Statement - Adjusted R\$ ('000)	2Q21	2Q20	% Chg. 2Q21 x 2Q20	6M21	6M20	% Chg. 6M21 x 6M20
Gross Operating Revenue	734,851	621,802	18.2%	1,380,612	1,223,499	12.8%
Undergraduate Monthly Tuition	649,736	563,274	15.3%	1,217,951	1,104,124	10.3%
Graduate Monthly Tuition	5,732	8,717	-34.2%	11,454	17,975	-36.3%
Vocational Courses Monthly Tuition	383	425	-9.8%	778	929	-16.3%
Digital Learning Monthly Tuition	76,049	48,462	56.9%	143,635	95,939	49.7%
Others	2,951	924	219.4%	6,794	4,532	49.9%
Deductions from Gross Revenue	(349,200)	(278,782)	25.3%	(688,237)	(571,953)	20.3%
Discounts and Scholarships	(263,103)	(201,709)	30.4%	(524,684)	(425,483)	23.3%
PROUNI	(71,010)	(60,714)	17.0%	(137,221)	(115,908)	18.4%
FGEDUC And FIES charges	(2,438)	(4,429)	-45.0%	(3,601)	(8,247)	-56.3%
Taxes	(12,649)	(11,930)	6.0%	(22,731)	(22,315)	1.9%
Net Operating Revenue	385,651	343,020	12.4%	692,375	651,546	6.3%
Cash Cost of Services Rendered	(167,938)	(137,847)	21.8%	(309,664)	(291,903)	6.1%
Payroll and Charges	(103,726)	(92,379)	12.3%	(190,257)	(187,860)	1.3%
Rent	(2,225)	6,486	N.M.	(2,056)	4,371	N.M.
Concessionaires (Electricity, Water and Telephone)	(5,668)	(5,167)	9.7%	(12,315)	(15,263)	-19.3%
Third-Party Services	(13,069)	(5,960)	119.3%	(22,436)	(12,072)	85.9%
Depreciation and Amortization	(43,250)	(40,827)	5.9%	(82,600)	(81,079)	1.9%
Managerial Gross Profit	217,713	205,173	6.1%	382,711	359,643	6.4%
<i>Managerial Gross Margin</i>	<i>56.5%</i>	<i>59.8%</i>	<i>-3.4 p.p.</i>	<i>55.3%</i>	<i>55.2%</i>	<i>0.1 p.p.</i>
Operating Expenses/Revenue	(139,640)	(112,201)	24.5%	(257,794)	(213,408)	20.8%
General and Administrative Expenses	(134,337)	(113,686)	18.2%	(249,351)	(213,263)	16.9%
Payroll and Charges	(38,728)	(32,460)	19.3%	(75,918)	(71,323)	6.4%
Third-Party Services	(11,241)	(8,009)	40.4%	(23,557)	(18,892)	24.7%
Advertising	(30,723)	(15,973)	92.3%	(65,819)	(41,328)	59.3%
Materials	(1,678)	(750)	123.7%	(3,616)	(3,703)	-2.3%
PDA	(40,314)	(47,475)	-15.1%	(57,620)	(61,216)	-5.9%
Others	(8,378)	(5,473)	53.1%	(16,261)	(9,610)	69.2%
Depreciation and Amortization	(3,275)	(3,546)	-7.6%	(6,559)	(7,191)	-8.8%
Other Operating Expenses/Revenue	(5,197)	1,486	-449.8%	(8,337)	(144)	5669.9%
Profit sharing of subsidiaries	(106)	-	-100.0%	(106)	-	-100.0%
Managerial Operating Income	78,072	92,972	-16.0%	124,917	146,235	-14.6%
<i>Managerial Operating Margin</i>	<i>20.2%</i>	<i>27.1%</i>	<i>-6.9 p.p.</i>	<i>18.0%</i>	<i>22.4%</i>	<i>-4.4 p.p.</i>
(+) Depreciation and Amortization	46,525	44,373	4.8%	89,159	88,270	1.0%
(+) Interest on tuition and agreements	2,146	1,934	11.0%	9,658	9,937	-2.8%
(-) Minimum rent paid	(29,546)	(30,627)	-3.5%	(58,674)	(58,164)	0.9%
Adjusted EBITDA	97,197	108,652	-10.5%	165,060	186,278	-11.4%
<i>Adjusted EBITDA Margin</i>	<i>25.2%</i>	<i>31.7%</i>	<i>-6.5 p.p.</i>	<i>23.8%</i>	<i>28.6%</i>	<i>-4.8 p.p.</i>
(-) Depreciation and Amortization	(46,525)	(44,373)	4.8%	(89,159)	(88,270)	1.0%
Adjusted EBIT	50,672	64,279	-21.2%	75,901	98,008	-22.6%
<i>Adjusted EBIT Margin</i>	<i>13.1%</i>	<i>18.7%</i>	<i>-5.6 p.p.</i>	<i>11.0%</i>	<i>15.0%</i>	<i>-4.1 p.p.</i>
Financial Result	(38,187)	(28,754)	32.8%	(53,461)	(50,541)	5.8%
(+) Financial Revenue	5,238	5,399	-3.0%	15,894	15,664	1.5%
Interest on Agreements and Others	2,146	1,934	11.0%	9,658	9,937	-2.8%
Returns on Financial Investments	3,568	3,204	11.4%	6,557	5,601	17.1%
Others	(476)	261	N.M.	(321)	126	N.M.
(-) Financial Expenses	(43,425)	(34,153)	27.1%	(69,355)	(66,205)	4.8%
Interest Expenses	(8,284)	(5,829)	42.1%	(15,107)	(9,006)	67.7%
Interest on Leasing	(16,879)	(17,879)	-5.6%	(33,782)	(35,761)	-5.5%
Discounts Granted	(14,159)	(7,414)	91.0%	(15,576)	(16,444)	-5.3%
Monetary Variation Expenses	(1,196)	-	-100.0%	(1,196)	(1,578)	-24.2%
Others	(2,907)	(3,031)	-4.1%	(3,694)	(3,416)	8.1%
Income Before Income Taxes	39,885	64,218	-37.9%	71,456	95,694	-25.3%
Income and Social Contribution Taxes	1,871	(5,957)	N.M.	6,426	(8,110)	-179.2%
Current	(1,755)	(3,658)	-52.0%	(3,774)	(5,494)	-31.3%
Deferred	3,626	(2,299)	N.M.	10,200	(2,616)	N.M.
Adjusted Consolidated Net Income	41,756	58,261	-28.3%	77,882	87,585	-11.1%
<i>Adjusted Net Margin</i>	<i>10.8%</i>	<i>17.0%</i>	<i>-6.2 p.p.</i>	<i>11.2%</i>	<i>13.4%</i>	<i>-2.2 p.p.</i>



Balance Sheet

Balance Sheet - ASSETS (R\$ '000)	06/30/2021	12/31/2020	% Chg. Jun21 x Dec20
Total Assets	3,257,810	3,091,485	5.4%
Current Assets	910,943	1,082,299	-15.8%
Cash and cash equivalents	457,511	679,933	-32.7%
Securities	15,022	1,176	1177.4%
Accounts receivable	399,079	363,718	9.7%
Taxes recoverable	17,135	12,556	36.5%
Related parties	1,952	1,952	0.0%
Other assets	20,244	22,964	-11.8%
Non-Current Assets	2,346,867	2,009,186	16.8%
Long-Term Assets	288,029	268,625	7.2%
Accounts receivable	74,492	66,275	12.4%
Related parties	5,044	6,020	-16.2%
Other assets	53,116	58,636	-9.4%
Indemnifications	112,015	112,015	0.0%
FG-FIES Guarantee Fund	24,215	18,631	30.0%
Other Accounts receivable	17,838	7,048	153.1%
Investments	1,309	-	N.M.
Intangible assets	1,000,854	716,735	39.6%
Right-of-Use Assets	568,273	570,737	-0.4%
Property, plant and equipment	489,711	453,089	8.1%
Balance Sheet - LIABILITIES (R\$ '000)	06/30/2021	12/31/2020	% Chg. Jun21 x Dec20
Total Liabilities	1,791,450	1,664,998	7.6%
Current Liabilities	557,994	449,744	24.1%
Suppliers	42,907	38,170	12.4%
Accounts payable	44,596	2,400	1758.2%
Loans and financing	210,986	113,624	85.7%
Debentures	25,221	50,166	-49.7%
Payroll and charges	114,260	92,945	22.9%
Taxes payable	14,386	49,013	-70.6%
Leasing	57,165	49,320	15.9%
Dividends payable	15,893	24,718	-35.7%
Other liabilities	32,580	29,388	10.9%
Non-Current Liabilities	1,233,456	1,215,254	1.5%
Loans and financing	326,419	427,268	-23.6%
Leasing	607,650	601,707	1.0%
Accounts payable	170,223	59,600	185.6%
Taxes payable	4,848	5,261	-7.9%
Provision for contingencies	124,304	121,406	2.4%
Other liabilities	12	12	0.0%
Consolidated Shareholders' Equity	1,466,360	1,426,487	2.8%
Capital Realized	987,549	987,549	0.0%
Income Reserve	441,726	438,938	0.6%
Retained income	37,085	-	N.M.
Total Liabilities and Shareholders' Equity	3,257,810	3,091,485	5.4%



Cash flow

Cash Flow Statement (R\$ '000)	06/30/2021	06/30/2020	% Chg- Jun21 x Jun20
Consolidated Net Income for the Period before Income Taxes	48,107	79,007	-39.1%
Depreciation and amortization	89,159	88,270	1.0%
Provisions	2,898	(930)	N.M.
Equity in results of subsidiaries	106	-	0.0%
Adjustment present value of accounts receivable	2,313	4,170	-44.5%
Adjustment present value of Payables	793	-	0.0%
Provision for doubtful accounts	57,620	61,216	-5.9%
Sale of Non-Current Assets	2,670	(2,551)	-204.7%
Income from financial investments	(128)	(274)	-53.3%
Interest and exchange variation, net	49,836	45,653	9.2%
Adjusted Net Income	253,374	274,561	-7.7%
Changes in Assets and Liabilities	(79,759)	(140,948)	-43.4%
Accounts receivable	(97,582)	(166,555)	-41.4%
Taxes recoverable	(3,787)	(6,192)	-38.8%
Other assets	1,819	(8,031)	-122.6%
Suppliers	4,627	7,338	-36.9%
Payroll and charges	17,870	42,781	-58.2%
Taxes payable	(4,121)	(7,639)	-46.1%
Other liabilities	1,415	(2,650)	N.M.
Cash generated from operations	173,615	133,613	29.9%
Other	(73,844)	(61,181)	20.7%
Interest on loans and debentures	(6,115)	(21,952)	-72.1%
Interest on leases	(33,782)	(35,761)	-5.5%
Income and social contribution taxes paid	(33,947)	(3,468)	878.9%
Net Cash from Operating Activities	99,771	72,432	37.7%
Net Cash from Investing Activities	(236,325)	(22,715)	940.4%
Securities investments	(150,081)	(116,241)	29.1%
Redemption of securities	136,363	207,181	-34.2%
Additions to property, plant and equipment	(18,772)	(14,261)	31.6%
Additions to intangible assets	(9,794)	(10,345)	-5.3%
Net cash from business combination	5,959	-	0.0%
Acquisition of subsidiaries Payments	(200,000)	(89,049)	124.6%
Net Cash from Financing Activities	(85,868)	434,647	-119.8%
Amortization of Debentures	(25,000)	(25,000)	0.0%
Loans and financing	-	499,299	N.M.
Amortization of loans and financing	(12,235)	(12,162)	0.6%
Amortization of leasing	(24,892)	(22,403)	11.1%
Related parties	976	976	0.0%
Dividends	(24,717)	(6,063)	307.7%
Decrease in Cash and Cash Equivalents	(222,422)	484,364	-145.9%
Cash and Cash Equivalents at Beginning of Period	679,933	215,173	216.0%
Cash and Cash Equivalents at End of Period	457,511	699,537	-34.6%
Cash changes and Securities	(208,576)	393,698	-153.0%